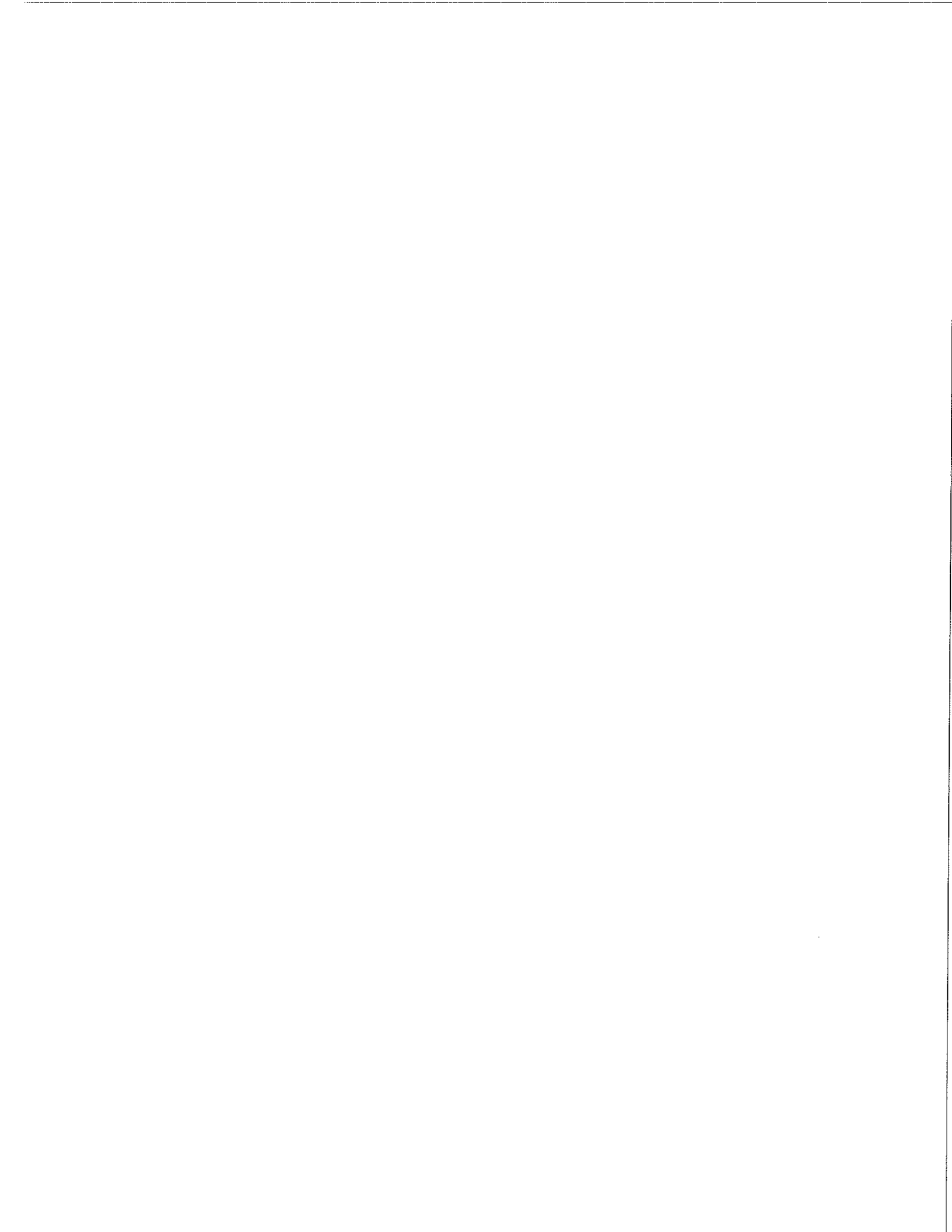


**TOWNSHIP OF SOUTH HACKENSACK**

**BERGEN COUNTY, NEW JERSEY**

**REPORT OF AUDIT**

**YEAR ENDED DECEMBER 31, 2013**



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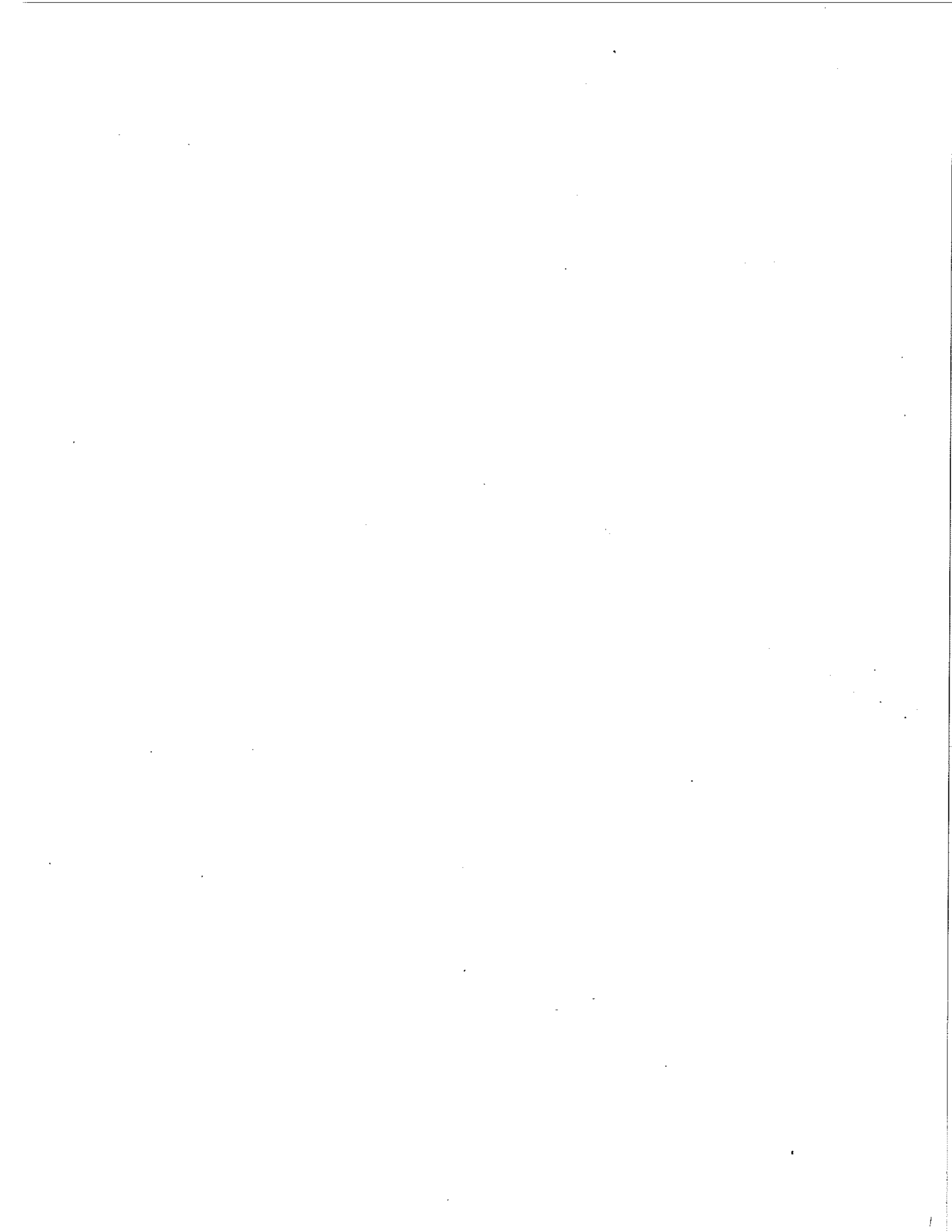
**TOWNSHIP OF SOUTH HACKENSACK**

**BERGEN COUNTY, NEW JERSEY**

**PART I**

**REPORT ON AUDIT OF FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2013**





# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA  
GARY J. VINCI, CPA, RMA, PSA  
GARY W. HIGGINS, CPA, RMA, PSA  
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LORI T. MANUKIAN, CPA, PSA  
MARK SACO, CPA

## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and  
Members of the Township Committee  
Township of South Hackensack  
South Hackensack, New Jersey

### Report on the Financial Statements

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Township of South Hackensack, as of December 31, 2013 and 2012, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the Current Fund for the year ended December 31, 2013, and the related notes to the financial statements.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial accounting and reporting principles and practices that demonstrate compliance with the regulatory basis of accounting and budget laws prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 1 of the financial statements, the financial statements are prepared and presented by the Township of South Hackensack on the basis of financial accounting and reporting principles and practices that demonstrate compliance with the regulatory basis of accounting and budget laws prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the State of New Jersey for municipal government entities.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the requirement that the Township of South Hackensack prepare and present its financial statements on the regulatory basis of accounting as discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph above, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Township of South Hackensack as of December 31, 2013 and 2012, or changes in financial position for the years then ended.

***Basis for Qualified Opinion on Regulatory Basis of Accounting***

As discussed in Note 1 of the financial statements, the financial statements – regulatory basis of the Length of Service Awards Program (LOSAP) Trust Fund have not been audited, and we were not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, to audit nor were we engaged to audit the LOSAP Trust Fund financial statements as part of our audit of the Township's financial statements as of and for the years ended December 31, 2013 and 2012. The LOSAP Trust Fund financial activities are included in the Township's Trust Funds, and represent 48 percent and 45 percent of the assets and liabilities, respectively, of the Township's Trust Funds as of December 31, 2013 and 2012.

***Qualified Opinion on Regulatory Basis of Accounting***

In our opinion, except for the possible effects of such adjustments, if any, as might have been determined to be necessary had the LOSAP Trust Fund financial statements been audited as described in the "Basis for Qualified Opinion on Regulatory Basis of Accounting" paragraph above, the financial statements – regulatory basis referred to above present fairly, in all material respects, the financial position – regulatory basis of the various funds and account group of the Township of South Hackensack as of December 31, 2013 and 2012, and the results of operations and changes in fund balance – regulatory basis of such funds for the years then ended and the statement of revenues – regulatory basis and statement of expenditures – regulatory basis of the Current Fund for the year ended December 31, 2013 in accordance with the basis of financial accounting and reporting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.



*Other Matters*

*Required Supplementary Information*

The Township has not presented a management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. A management discussion and analysis is not required by the financial accounting and reporting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey to supplement the regulatory basis financial statements and therefore it has not been presented by management. Our opinion on the financial statements – regulatory basis is not affected by this missing information.

*Other Information*


Our audit was conducted for the purpose of forming an opinion on the financial statements of the Township of South Hackensack as a whole. The supplementary schedules listed in the table of contents, schedule of expenditures of federal awards, schedule of expenditures of state financial assistance and the supplementary data and letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the financial statements of the Township of South Hackensack.


The supplementary schedules listed in the table of contents, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedules listed in the table of contents, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated, in all material respects, in relation to the financial statements as a whole on the basis of accounting described in Note 1.

The supplementary data and letter of comments and recommendations section has not been subject to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

**Other Reporting Required by *Government Auditing Standards***

In accordance with Government Auditing Standards, we have also issued our report dated June 12, 2014 on our consideration of the Township of South Hackensack's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Township of South Hackensack's internal control over financial reporting and compliance.

  
LERCH, VINCI & HIGGINS, LLP  
Certified Public Accountants  
Registered Municipal Accountants

  
Gary J. Vinci  
Registered Municipal Accountant  
RMA Number CR00411

TOWNSHIP OF SOUTH HACKENSACK  
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS  
CURRENT FUND  
AS OF DECEMBER 31, 2013 AND 2012

ASSETS	<u>Reference</u>	<u>2013</u>	<u>2012</u>
Cash	A-4	\$ 1,504,307	\$ 1,703,260
Cash - Change Funds	A-5	200	200
Petty Cash	A-6		300
Grants Receivable	A-7	202,080	141,158
Due from State of New Jersey - Seniors Citizens & Veterans	A-8	250	-
		<u>1,706,837</u>	<u>1,844,918</u>
Receivables and Other Assets With Full Reserves			
Delinquent Property Taxes Receivable	A-9	85	153
Tax Title Liens Receivable	A-10	821	783
Due from General Capital Fund	C-4	58,316	
Revenue Accounts Receivable	A-11	13,471	5,097
		<u>72,693</u>	<u>6,033</u>
Deferred Charges			
Emergency Authorizations	A-13	144,177	
Overexpenditure of Appropriations	A-13	1,047	
Overexpenditure of Appropriation Reserves	A-13	16,733	
Special Emergency Authorizations	A-12	15,000	30,000
		<u>176,957</u>	<u>30,000</u>
Total Assets		<u>\$ 1,956,487</u>	<u>\$ 1,880,951</u>
 <b>LIABILITIES, RESERVES AND FUND BALANCE</b>			
<b>Liabilities</b>			
Appropriation Reserves	A-3,A-14	\$ 73,067	\$ 364,741
Encumbrances Payable	A-16	17,063	219,869
Accounts Payable	A-18	558	19,307
Due to Other Trust Fund	B-11	101,774	550
Due to General Capital Fund	C-4		60,930
Prepaid Taxes	A-17	106,381	276,072
Prepaid Sewer Fees	A-26	1,839	111
Tax Overpayments	A-25	7,768	5,703
Miscellaneous Reserves and Deposits	A-15	33,400	13,761
Local School Taxes Payable	A-19		67,307
County Taxes Payable	A-20	817	2,567
Health Fees Payable	A-23	87	334
DCA Training Fees Payable	A-24	2,792	
Due to State of New Jersey - Seniors Citizens & Veterans	A-8		2,500
Reserve for Grants - Appropriated	A-21	233,204	181,988
Reserve for Unappropriated Grants	A-22	54,156	5,876
		<u>632,906</u>	<u>1,221,616</u>
Reserve for Receivables and Other Assets	A	72,693	6,033
Fund Balance	A-1	<u>1,250,888</u>	<u>653,302</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 1,956,487</u>	<u>\$ 1,880,951</u>

The Accompanying Notes are an Integral Part of these Financial Statements

**TOWNSHIP OF SOUTH HACKENSACK**  
**COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -**  
**REGULATORY BASIS - CURRENT FUND**  
**FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

	<u>Reference</u>	<u>2013</u>	<u>2012</u>
<b>REVENUE AND OTHER INCOME REALIZED</b>			
Fund Balance Anticipated	A-2	\$ 200,000	\$ 576,000
Miscellaneous Revenue Anticipated	A-2	1,412,498	1,539,206
Receipts from Current Taxes	A-2	14,697,227	14,304,893
Receipts from Delinquent Taxes	A-2	153	
Non-Budget Revenue	A-2	184,883	111,969
Other Credits to Income			
Unexpended Balance of Appropriation Reserves	A-14	192,659	179,169
Prior Year Interfunds Returned	A-1		548
Cancellation of Accounts Payable	A-18	19,307	181
Cancellation of Miscellaneous Reserves	A-1	-	2,711
		<u>16,706,727</u>	<u>16,714,677</u>
<b>EXPENDITURES</b>			
Budget Appropriations			
Operations			
Salaries and Wages	A-3	3,300,600	3,300,280
Other Expenses	A-3	2,983,717	3,310,165
Municipal Debt Service	A-3	375,669	285,720
Deferred Charges and Statutory Expenditures	A-3	804,351	885,518
Capital Improvements	A-1		15,000
County Taxes	A-20	1,538,381	1,479,804
Local District School Taxes	A-19	6,993,331	7,167,076
Refund of Prior Year Revenue	A-1		61,846
Interfund Advances	A	58,316	-
		<u>16,054,365</u>	<u>16,505,409</u>
Excess in Revenue Before Adjustments		652,362	209,268
Adjustments to Income Before Fund Balance:			
Expenditures Included Above Which are by Statute Deferred Charges to Budget of Succeeding Year	A-13	145,224	-
Statutory Excess to Fund Balance		797,586	209,268
<b>FUND BALANCE, JANUARY 1</b>	A	<u>653,302</u>	<u>1,020,034</u>
		1,450,888	1,229,302
Decreased by:			
Utilization as Anticipated Revenue	A-2	200,000	576,000
<b>FUND BALANCE, DECEMBER 31</b>	A	<u>\$ 1,250,888</u>	<u>\$ 653,302</u>

The Accompanying Notes are an Integral Part of these Financial Statements

**TOWNSHIP OF SOUTH HACKENSACK  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Reference	Budget	Added by: NJS 40A:4-87	Realized	Excess or (Deficit)
<b>FUND BALANCE ANTICIPATED</b>	A-1	\$ 200,000	-	\$ 200,000	-
<b>MISCELLANEOUS REVENUES</b>					
Licenses					
Alcoholic Beverages	A-11	15,500		15,698	\$ 198
Other	A-11	48,000		43,038	(4,962)
Fees and Permits	A-11	7,600		8,204	604
Municipal Court	A-11	85,000		106,434	21,434
Interest and Cost on Taxes	A-11	30,000		36,074	6,074
Interest on Investments & Deposits	A-11	1,000		1,450	450
Sewer Charges	A-11	300,000		306,217	6,217
Well Charges	A-11	1,000		2,475	1,475
Biodegradable and Suspended Solids	A-11	70,000		55,886	(14,114)
Cable Television Franchise Fees	A-11	30,000		31,080	1,080
Cellular Tower Lease	A-11	26,000		28,080	2,080
Consolidated Municipal Property Tax Relief	A-11	34,684		34,684	
Energy Receipts Tax	A-11	450,039		450,039	
Uniform Fire Safety Act	A-11	38,000		49,041	11,041
Uniform Construction Code Fees	A-11	90,000		92,976	2,976
Body Armor Grant	A-22	1,726		1,726	
Clean Communities Program	A-22	4,000		4,000	
General Capital Fund Balance	C-1	50,000		50,000	
Hotel Occupancy Tax	A-11	75,000		80,883	5,883
Sewer Connection - Little Ferry	A-11	13,000	-	14,513	1,513
<b>Total Miscellaneous Revenues</b>	A-1	<u>1,370,549</u>	<u>-</u>	<u>1,412,498</u>	<u>41,949</u>
<b>RECEIPTS FROM DELINQUENT TAXES</b>	A-1,A-6	<u>-</u>	<u>-</u>	<u>153</u>	<u>153</u>
<b>AMOUNT TO BE TAISED BY TAXES FOR SUPPORT OF MUNICIPAL BUDGET</b>	A-2	<u>6,210,855</u>	<u>-</u>	<u>6,348,515</u>	<u>137,660</u>
<b>Total Budget Revenues</b>	A-3	<u>\$ 7,781,404</u>	<u>\$ -</u>	<u>7,961,166</u>	<u>\$ 179,762</u>
<b>Non-Budget Revenue</b>	A-1, A-2			<u>184,883</u>	
				<u>\$ 8,146,049</u>	

TOWNSHIP OF SOUTH HACKENSACK  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2013

Reference

**ANALYSIS OF REALIZED REVENUES**

Allocation of Current Tax Collections		
Revenue from Collections	A-1,A-9	\$ 14,697,227
Allocated to		
School, County and Open Space Taxes	A-19, A-20	<u>8,531,712</u>
		6,165,515
Add: Appropriation for Reserve for Uncollected Taxes	A-3	<u>183,000</u>
Balance for Supporting Municipal Budget Appropriations	A-2	<u>\$ 6,348,515</u>
Interest on Investments and Deposits		
Revenue Accounts Receivable	A-11	\$ 1,115
Due from General Capital Fund	C-4	<u>335</u>
	A-2	<u>\$ 1,450</u>
Non-Budget Revenue		
Recycling Revenue		6,660
FEMA - Hurricane Sandy Reimbursements		70,572
COPS Hiring Program		103,469
Traffic Details - Vehicles and Admin		2,842
Teterboro - Traffic Light Sharing		898
2% Administrative Fee - Senior Citizen and Veterans'		<u>442</u>
	A-2	<u>\$ 184,883</u>
	A-4	Cash Receipts 78,572
	B-5	Due from Other Trust Fund 2,842
	A-7	Grants Receivable <u>103,469</u>
		<u>\$ 184,883</u>

**TOWNSHIP OF SOUTH HACKENSACK  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended</u>	
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Balance Cancelled</u>	<u>Over- Expenditure</u>
<b>OPERATIONS - WITHIN "CAPS"</b>						
<b>GENERAL GOVERNMENT FUNCTIONS</b>						
Mayor and Township Committee						
Salaries and Wages	\$ 12,000	\$ 12,000	\$ 12,000			
Other Expenses	1,000	1,404	1,404			
Municipal Clerk						
Salaries and Wages	120,000	120,165	120,165			
Other Expenses	40,000	40,113	39,616	\$ 497		
Financial Administration						
Salaries & Wages	70,000	47,553	47,551		2	
Other Expenses	15,000	18,434	18,434			
Audit Services						
Other Expenses	45,000	52,844	51,343		1,501	
Revenue Administration						
Salaries and Wages	21,500	27,763	27,762		1	
Other Expenses	8,000	5,685	5,684		1	
Tax Assessment Administration						
Other Expenses	3,000	24,052	24,051		1	
Legal Services and Costs						
Other Expenses	120,000	107,000	106,453		547	
Engineering Services & Costs						
Other Expenses	10,000	12,040	9,561		2,479	
Municipal Land Use Law (NJSA 40:55D-1)						
Planning Board						
Salaries and Wages	3,200					
Other Expenses	3,000	1,623	1,622		1	
Zoning Board of Adjustment						
Salaries & Wages	3,200	6,466	6,466			
Other Expenses	3,000	3,659	3,659			

TOWNSHIP OF SOUTH HACKENSACK  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended</u>	
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Balance Cancelled</u>	<u>Over- Expenditure</u>
<b>OPERATIONS - WITHIN "CAPS" (Continued)</b>						
<b>GENERAL GOVERNMENT FUNCTIONS</b>						
(Continued)						
Unemployment Insurance	\$ 40,000	\$ 11,485	\$ 158	\$ 11,327		
Liability Insurance (SBJIF)	114,000	169,472	165,476	3,996		
Workmen's Compensation Insurance (SBJIF)	167,000	165,000	164,371	629		
Employee Group Insurance	845,028	910,453	910,581			\$ 128
Municipal Court						
Salaries and Wages	65,000	65,466	65,466			
Other Expenses	7,000	7,000	5,303	1,697	-	-
Subtotal General Government	<u>1,715,928</u>	<u>1,809,677</u>	<u>1,787,126</u>	<u>22,679</u>	<u>-</u>	<u>128</u>
<b>PUBLIC SAFETY FUNCTIONS</b>						
Police Department						
Salaries and Wages	2,230,000	2,251,500	2,248,211	3,289		
Other Expenses	70,000	61,868	61,868			
Police Dispatch/911						
Salaries and Wages	130,000	144,900	144,873	27		
Office of Emergency Management						
Salaries and Wages	6,500	6,373	6,372	1		
Other Expenses	1,000	2,772	2,771	1		
Aid to Volunteer Fire Companies						
Other Expenses	72,000	61,010	61,009	1		
Aid to Volunteer Ambulance Companies						
Salaries and Wages	7,500	7,940	7,940			
Other Expenses	22,000	24,705	24,704	1		
Fire Department						
Salaries and Wages	41,000	43,251	43,251			
Other Expenses	46,000	47,289	47,289			
Municipal Prosecutor						
Salaries and Wages	7,500	7,500	7,500			
Public Defender						
Salaries and Wages	5,000	5,000	4,900	100	-	-
Subtotal Public Safety	<u>2,638,500</u>	<u>2,664,108</u>	<u>2,660,688</u>	<u>3,420</u>	<u>-</u>	<u>-</u>

The Accompanying Notes are an Integral Part of these Financial Statements

**TOWNSHIP OF SOUTH HACKENSACK  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended</u>	
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Balance Cancelled</u>	<u>Over- Expenditure</u>
<b>OPERATIONS - WITHIN "CAPS" (Cont'd)</b>						
<b>PUBLIC WORKS FUNCTIONS</b>						
Streets and Road Maintenance						
Salaries & Wages	\$ 410,000	\$ 433,216	\$ 434,135			\$ 919
Other Expenses	45,000	32,549	32,549			
Solid Waste Collection						
Other Expenses	105,000	104,008	104,007	\$ 1		
Public Buildings and Grounds						
Other Expenses	35,000	39,465	39,465			
Vehicle Maintenance						
Other Expenses	40,000	54,880	54,879	1		
Dump Fees						
Other Expenses	80,000	70,500	63,717	6,783	-	-
Subtotal Streets and Roads	715,000	734,618	728,752	6,785	-	919
<b>HEALTH AND WELFARE</b>						
Public Health Services						
Salaries and Wages	8,000	4,909	4,909			
Other Expenses	20,000	18,270	18,270			
Animal Control						
Other Expenses	4,000	2,973	2,973	-	-	-
Subtotal Health and Welfare	32,000	26,152	26,152	-	-	-
<b>RECREATION AND EDUCATION</b>						
Recreation Services and Programs						
Salaries and Wages	18,000	11,531	11,531			
Other Expenses	13,000	13,361	13,361	-	-	-
Subtotal Recreation and Education	31,000	24,892	24,892	-	-	-
<b>OTHER COMMON OPERATING FUNCTIONS</b>						
Celebration of Public Events, Anniversary or Holiday						
Other Expenses	5,000	1,796	1,795	1		
Accumulated Leave Compensation	35,000	35,000	30,123	4,877	-	-
Subtotal Other Common Operating Functions	40,000	36,796	31,918	4,878	-	-

The Accompanying Notes are an Integral Part of these Financial Statements



**TOWNSHIP OF SOUTH HACKENSACK  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended</u>	
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Balance Cancelled</u>	<u>Over- Expenditure</u>
<b>OPERATIONS - WITHIN "CAPS" (Cont'd)</b>						
<b>CODE ENFORCEMENT AND ADMINISTRATION</b>						
Salaries and Wages	\$ 64,000	\$ 69,148	\$ 69,147	\$ 1		
Other Expenses	3,500	2,113	2,113	-	-	-
Subtotal Code Enforcement	<u>67,500</u>	<u>71,261</u>	<u>71,260</u>	<u>1</u>	<u>-</u>	<u>-</u>
<b>UTILITY EXPENSES AND BULK PURCHASES</b>						
Electricity	54,000	53,000	49,402	3,598		
Street Lighting	37,500	32,500	27,794	4,706		
Telephone	20,000	18,500	18,038	462		
Water	2,750	1,450	1,236	214		
Gasoline	60,000	60,000	54,770	5,230	-	-
Subtotal Utility Expenses and Bulk Purchases	<u>174,250</u>	<u>165,450</u>	<u>151,240</u>	<u>14,210</u>	<u>-</u>	<u>-</u>
Total Operations Within "CAPS"	<u>5,414,178</u>	<u>5,532,954</u>	<u>5,482,028</u>	<u>51,973</u>	<u>-</u>	<u>\$ 1,047</u>
Detail:						
Salaries and Wages	3,257,400	3,299,681	3,292,302	8,298	-	919
Other Expenses	2,156,778	2,233,273	2,189,726	43,675	-	128
<b>DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"</b>						
Statutory Charges						
Social Security System (O.A.S.I.)	230,000	230,000	219,239	10,761		
Public Employees Retirement System of NJ	91,458	91,458	91,458			
Police and Firemen's Retirement System of NJ	465,893	465,893	465,893			
Defined Contribution Retirement Plan	2,000	2,000	476	1,524	-	-
Subtotal Deferred Charges & Statutory Expenditures - Municipal Within "CAPS"	<u>789,351</u>	<u>789,351</u>	<u>777,066</u>	<u>12,285</u>	<u>-</u>	<u>-</u>
Total General Appropriations for Municipal Purposes Within "CAPS"	<u>6,203,529</u>	<u>6,322,305</u>	<u>6,259,094</u>	<u>64,258</u>	<u>-</u>	<u>1,047</u>

The Accompanying Notes are an Integral Part of these Financial Statements

TOWNSHIP OF SOUTH HACKENSACK  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended Balance Cancelled</u>	<u>Over- Expenditure</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>		
<b>OPERATIONS - EXCLUDED FROM "CAPS"</b>						
H.M.D.C. Tax Sharing						
Other Expenses	\$ 349,239	\$ 349,239	\$ 70,839		\$ 278,400	
Reserve for Tax Appeals						
Other Expenses	25,000	25,000	25,000			
Length of Services Awards Program (LOSAP)	35,500	35,500	32,178	\$ 3,322	-	-
Sewerage Processing and Disposal						
Other Expenses	365,920	389,800	389,724	76		
Other Expenses - Debt Service	164,958	164,958	164,958	-	-	-
Employee Group Health	<u>39,972</u>	<u>39,972</u>	<u>39,972</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Operations Excluded From "CAPS"	<u>980,589</u>	<u>1,004,469</u>	<u>722,671</u>	<u>3,398</u>	<u>278,400</u>	<u>-</u>
Interlocal Municipal Service Agreements						
Bergen County - 911 Emergency Service	2,000	2,000	589	1,411		
Borough of Hasbrouck Heights - Tax Assessor Services	<u>15,000</u>	<u>16,521</u>	<u>16,521</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Interlocal Municipal Services Agreements	<u>17,000</u>	<u>18,521</u>	<u>17,110</u>	<u>1,411</u>	<u>-</u>	<u>-</u>
Public and Private Programs Offset By Revenues						
Clean Communities Program	4,000	4,000		4,000		
Body Armor Fund	<u>1,726</u>	<u>1,726</u>	<u>1,726</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Public and Private Programs Offset by Revenues	<u>5,726</u>	<u>5,726</u>	<u>1,726</u>	<u>4,000</u>	<u>-</u>	<u>-</u>
Total Operations Excluded from "CAPS"	<u>1,003,315</u>	<u>1,028,716</u>	<u>741,507</u>	<u>8,809</u>	<u>278,400</u>	<u>-</u>

The Accompanying Notes are an Integral Part of these Financial Statements

TOWNSHIP OF SOUTH HACKENSACK  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended</u>	
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Balance Cancelled</u>	<u>Over- Expenditure</u>
<b>MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"</b>						
Payment of Bonds	\$ 125,000	\$ 125,000	\$ 125,000			
Payment of Bond Anticipation Notes and Capital Notes	95,000	95,000	95,000			
Interest on Notes	1,600	1,600	1,576		\$ 24	
Interest on Bonds	58,560	58,560	58,556		4	
Green Trust Loan Program	96,400	96,400	95,537	-	863	-
<b>Total Municipal Debt Service</b>	<u>376,560</u>	<u>376,560</u>	<u>375,669</u>	<u>-</u>	<u>891</u>	<u>-</u>
<b>DEFERRED CHARGES - MUNICIPAL EXCLUDED FROM "CAPS"</b>						
Special Emergency Authorizations - 5 years (N.J.S. 40A4-55)	15,000	15,000	15,000	-	-	-
<b>Total Deferred Charges - Municipal</b>	<u>15,000</u>	<u>15,000</u>	<u>15,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	<u>1,394,875</u>	<u>1,420,276</u>	<u>1,132,176</u>	<u>\$ 8,809</u>	<u>279,291</u>	<u>-</u>
Subtotal General Appropriations	7,598,404	7,742,581	7,391,270	73,067	279,291	\$ 1,047
Reserve for Uncollected Taxes	183,000	183,000	183,000	-	-	-
<b>Total General Appropriations</b>	<u>\$ 7,781,404</u>	<u>\$ 7,925,581</u>	<u>\$ 7,574,270</u>	<u>\$ 73,067</u>	<u>\$ 279,291</u>	<u>\$ 1,047</u>
	A-2			A		A-13
Budget as Adopted	A-2	\$ 7,781,404				
Emergency Appropriations NJSA 40A:4-47	A-13	144,177				
		<u>\$ 7,925,581</u>				
Cash Disbursed	A-4		\$ 7,339,568			
Encumbrances Payable	A-16		17,063			
Deferred Charges	A-12		15,000			
Reserve for Tax Appeals	A-15		19,639			
Reserve for Uncollected Taxes	A-2		183,000			
			<u>\$ 7,574,270</u>			

The Accompanying Notes are an Integral Part of these Financial Statements

TOWNSHIP OF SOUTH HACKENSACK  
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS  
TRUST FUNDS  
AS OF DECEMBER 31, 2013 AND 2012

	<u>Reference</u>	<u>2013</u>	<u>2012</u>
<b>ASSETS</b>			
<b>ANIMAL CONTROL FUND</b>			
Cash	B-1	\$ 11	-
		<u>11</u>	<u>-</u>
<b>OTHER TRUST FUND</b>			
Cash	B-1	395,984	\$ 442,349
Due from Current Fund	B-11	<u>101,774</u>	<u>550</u>
		<u>497,758</u>	<u>442,899</u>
<b>UNEMPLOYMENT INSURANCE TRUST FUND</b>			
Cash	B-1	<u>32,148</u>	<u>34,576</u>
<b>RECREATION TRUST FUND</b>			
Cash	B-1	<u>4,668</u>	<u>6,803</u>
<b>LENGTH OF SERVICE AWARDS PROGRAM TRUST FUND (UNAUDITED)</b>			
Investments	B	439,750	351,359
Contribution Receivable	B	<u>51,544</u>	<u>40,284</u>
		<u>491,294</u>	<u>391,643</u>
Total Assets		<u>\$ 1,025,879</u>	<u>\$ 875,921</u>

The Accompanying Notes are an Integral Part of these Financial Statements

**TOWNSHIP OF SOUTH HACKENSACK  
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS  
TRUST FUNDS  
AS OF DECEMBER 31, 2013 AND 2012**

	<u>Reference</u>	<u>2013</u>	<u>2012</u>
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>			
<b>ANIMAL CONTROL FUND</b>			
Cash Overdraft	B-1		\$ 137
Prepaid Licenses	B-4		11
Due to State of New Jersey	B-2	\$ 13	3
Reserve for Animal Control Expenditures (Deficit)	B-3	<u>(2)</u>	<u>(151)</u>
		<u>11</u>	<u>-</u>
<b>OTHER TRUST FUND</b>			
Miscellaneous Reserves and Deposits	B-5	438,949	392,967
Payroll Deductions Payable	B-8	54,279	48,520
Accrued Salaries and Wages	B-10	4,004	1,412
Reserve for Flexible Spending	B-12	<u>526</u>	<u>-</u>
		<u>497,758</u>	<u>442,899</u>
<b>UNEMPLOYMENT INSURANCE TRUST FUND</b>			
Due to State of New Jersey	B-7		30
Reserve for Unemployment Compensation Claims	B-6	<u>32,148</u>	<u>34,546</u>
		<u>32,148</u>	<u>34,576</u>
<b>RECREATION TRUST FUND</b>			
Reserve for Recreation Expenditures	B-9	<u>4,668</u>	<u>6,803</u>
		<u>4,668</u>	<u>6,803</u>
<b>LENGTH OF SERVICE AWARDS PROGRAM TRUST FUND (UNAUDITED)</b>			
Reserve for LOSAP	B	<u>491,294</u>	<u>391,643</u>
<b>Total Liabilities, Reserves and Fund Balance</b>		<u>\$ 1,025,879</u>	<u>\$ 875,921</u>

The Accompanying Notes are an Integral Part of these Financial Statements

**TOWNSHIP OF SOUTH HACKENSACK  
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS  
GENERAL CAPITAL FUND  
AS OF DECEMBER 31, 2013 AND 2012**

	<u>Reference</u>	<u>2013</u>	<u>2012</u>
<b>ASSETS</b>			
Cash	C-2,C-3	\$ 557,375	\$ 95,936
Intergovernmental Receivables	C-7	243,400	118,170
Due from Current Fund	C-4		60,930
Deferred Charges to Future Taxation			
Funded	C-5	2,191,442	2,393,137
Unfunded	C-6	<u>2,446,882</u>	<u>1,375,882</u>
 Total Assets		 <u>\$ 5,439,099</u>	 <u>\$ 4,044,055</u>
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>			
Bond Anticipation Notes	C-9	\$ 1,195,250	\$ 485,000
Serial Bonds Payable	C-10	1,630,000	1,755,000
Accounts Payable	C-11	826,088	299,266
Improvement Authorization			
Funded	C-8	248,610	245,396
Unfunded	C-8	479,794	248,887
Loans Payable	C-13	561,442	638,137
Capital Improvement Fund	C-12	109,000	117,000
Due to Current Fund	C-4	58,316	
Reserve for Grants Receivable	C-7	161,687	36,457
Fund Balance	C-1	<u>168,912</u>	<u>218,912</u>
 Total Liabilities, Reserves and Fund Balance		 <u>\$ 5,439,099</u>	 <u>\$ 4,044,055</u>

There were bonds and notes authorized but not issued of \$1,251,632 and \$890,882 on December 31, 2013 and 2012, respectively. (Exhibit C-14).

TOWNSHIP OF SOUTH HACKENSACK  
 COMPARATIVE STATEMENTS OF FUND BALANCE - REGULATORY BASIS  
 GENERAL CAPITAL FUND  
 FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

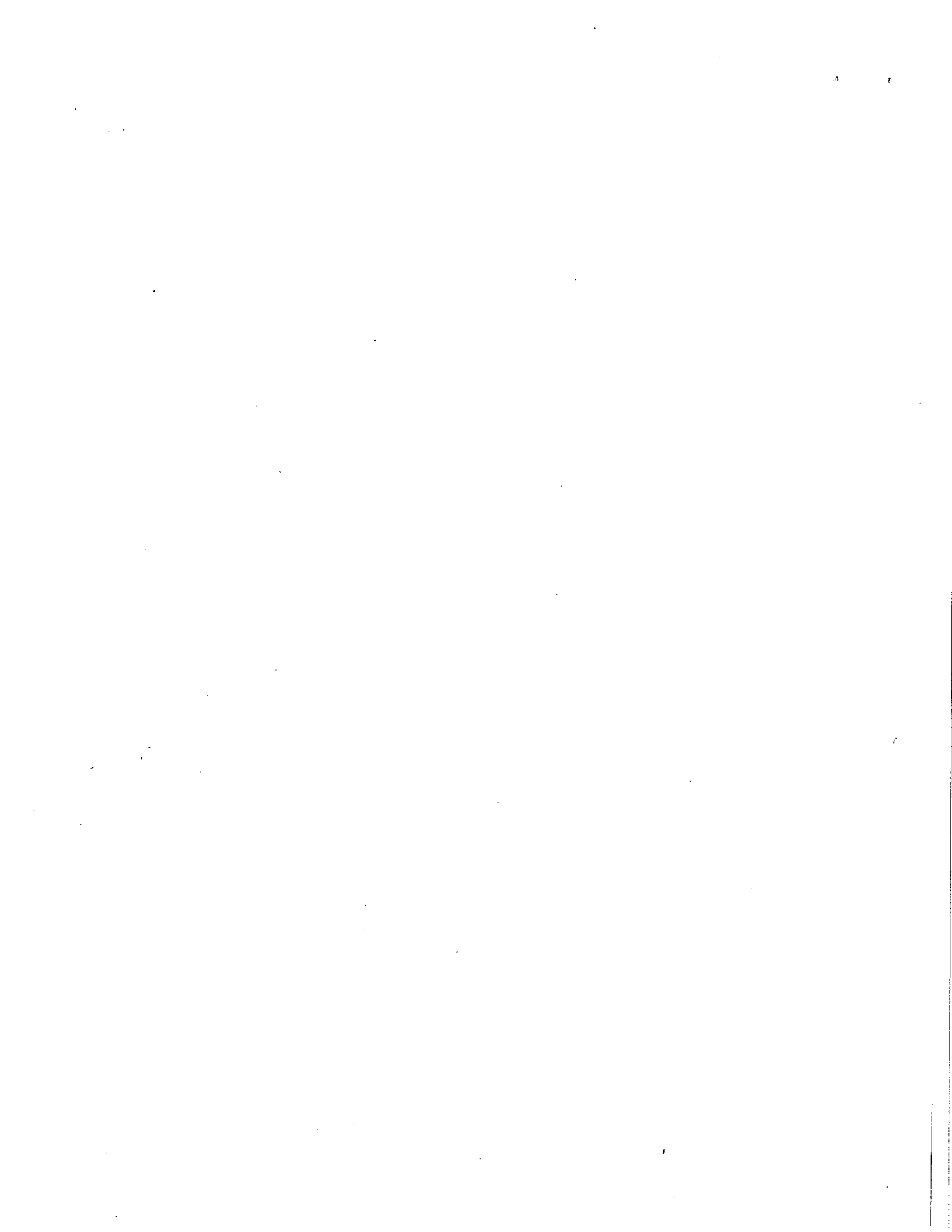
	<u>Reference</u>	<u>2013</u>	<u>2012</u>
Balance, January 1	C	\$ 218,912	\$ 243,912
Decreased by:			
Payment to Current Fund as Anticipated Revenue	C-4	<u>50,000</u>	<u>25,000</u>
Balance, December 31	C	<u>\$ 168,912</u>	<u>\$ 218,912</u>

TOWNSHIP OF SOUTH HACKENSACK  
 COMPARATIVE BALANCE SHEETS - REGULATORY BASIS  
 GENERAL FIXED ASSETS ACCOUNT GROUP  
 AS OF DECEMBER 31, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
<b>ASSETS</b>		
Land	\$ 1,753,100	\$ 1,753,100
Buildings and Building Improvements	321,270	321,270
Machinery and Equipment	<u>3,853,331</u>	<u>3,643,803</u>
	<u>\$ 5,927,701</u>	<u>\$ 5,718,173</u>
<b>FUND BALANCE</b>		
Investment in General Fixed Assets	<u>\$ 5,927,701</u>	<u>\$ 5,718,173</u>



**NOTES TO FINANCIAL STATEMENTS**



TOWNSHIP OF SOUTH HACKENSACK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Township of South Hackensack (the "Township") was incorporated in 1935 and operates under an elected (Mayor/Council) form of government. The Township's major operations include public safety, road repair and maintenance, sanitation, fire protection, recreation and parks, health services, and general administrative services.

GASB requires the financial reporting entity to include both the primary government and component units. Component units are legally separate organizations for which the Township is financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority of the organization's governing board and (1) the Township is able to significantly influence the programs or services performed or provided by the organization; or (2) the Township is legally entitled to or can otherwise access the organization's resources; the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Township is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Township in that the Township approves the budget, the issuance of debt or the levying of taxes. The Township is not includable in any other reporting entity as a component unit.

The financial statements contained herein include only those boards, bodies, officers or commissions as required by NJS 40A:5-5. Accordingly, the financial statements of the Township do not include the volunteer fire department or volunteer ambulance squad, which are considered component units under GAAP. Complete financial statements of the above component units can be obtained by contacting the Treasurer of the respective entity.

B. Description of Regulatory Basis of Accounting

The financial statements of the Township of South Hackensack have been prepared on a basis of accounting in conformity with accounting principles and practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") which is a regulatory basis of accounting other than accounting principles generally accepted in the United States of America (GAAP). Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Township accounts for its financial transactions through separate funds, which differ from the fund structure required by GAAP.

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB has adopted accounting statements to be used by governmental units when reporting financial position and results of operations in accordance with accounting principles generally accepted in the United States of America. (GAAP). The municipalities in the State of New Jersey do not prepare financial statements in accordance with GAAP and thus do not comply with all of the GASB pronouncements.

TOWNSHIP OF SOUTH HACKENSACK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements

The Township uses funds, as required by the Division, to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial administration by segregating transactions related to certain Township functions or activities. The Township also uses an account group, which is designed to provide accountability for certain assets that are not recorded in those Funds.

The Township has the following funds and account group:

Current Fund – This fund is used to account for the revenues and expenditures for governmental operations of a general nature and the assets and liabilities related to such activities, including Federal and State grants not accounted for in another fund.

Trust Funds - These funds are used to account for assets held by the government in a trustee capacity. Funds held by the Township as an agent for individuals, private organizations, or other governments are recorded in the Trust Funds.

Animal Control Fund - This fund is used to account for fees collected from dog and cat licenses and expenditures which are regulated by NJS 4:19-15.11.

Other Trust Fund - This fund is established to account for the assets and resources, which are held by the Township as a trustee or agent for individuals, private organizations, other governments and/or other funds. These funds include dedicated fees/proceeds collected, developer deposits, payroll related deposits and funds deposited with the Township as collateral.

Unemployment Insurance Fund - This fund is used to account for employee and employer contributions for the purpose of providing unemployment benefits to former eligible employees.

Recreation Trust Fund - This fund is used to account for the receipts and disbursements relating to recreation activities.

Length of Service Awards Program Fund (LOSAP) – This fund is established to account for the tax-deferred income benefits to active volunteer members of emergency service organizations of the Township.

General Capital Fund – This fund is used to account for the receipt and disbursement of funds used and related financial transactions related to the acquisition or improvement of general capital facilities and other capital assets, other than those acquired in the Current Fund.

General Fixed Assets Account Group - This account group is used to account for all general fixed assets of the Township. The Township's infrastructure is not reported in the account group.

TOWNSHIP OF SOUTH HACKENSACK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements (Continued)

Comparative Data - Comparative data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the Township's financial position and operations. However, comparative data have not been presented in all statements because their inclusion would make certain statements unduly complex and difficult to understand.

Financial Statements – Regulatory Basis

The GASB Codification also requires the financial statements of a governmental unit to be presented in the basic financial statements in accordance with GAAP. The Township presents the regulatory basis financial statements listed in the table of contents which are required by the Division and which differ from the basic financial statements required by GAAP. In addition, the Division requires the regulatory basis financial statements listed in the table of contents to be referenced to the supplementary schedules. This practice differs from reporting requirements under GAAP.

D. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the accounting principles and practices prescribed by the Division in accordance with the regulatory basis of accounting. Measurement focus indicates the type of resources being measured. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The Township of South Hackensack follows a modified accrual basis of accounting. Under this method of accounting, revenues, except State/Federal Aid, are recognized when received and expenditures are recorded when incurred. The accounting principles and practices prescribed or permitted for municipalities by the Division ("regulatory basis of accounting") differ in certain respects from accounting principles generally accepted in the United States of America (GAAP) applicable to local government units. The more significant differences are as follows:

Cash and Investments - Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government. Investments are reported at cost and are limited by N.J.S.A. 40A:5-15.1 et seq. with the exception of LOSAP Trust Fund investments which are reported at fair value and are limited by N.J.A.C. 5:30-14.19. GAAP requires that all investments be reported at fair value.

Inventories - The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets. GAAP requires inventories to be recorded as assets in proprietary-type funds.

TOWNSHIP OF SOUTH HACKENSACK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

Property Tax Revenues/Receivables - Real property taxes are assessed locally, based upon the assessed value of the property. The tax bill includes a levy for Municipal, County, and School purposes. The bills are mailed annually in June for that calendar year's levy. Taxes are payable in four quarterly installments on February 1, May 1, August 1, and November 1. The amounts of the first and second installments are determined as one-quarter of the total tax levied against the property for the preceding year. The installment due the third and fourth quarters is determined by taking the current year levy less the amount previously charged for the first and second installments, with the remainder being divided equally. If unpaid on these dates, the amount due becomes delinquent and subject to interest at 8% per annum, or 18% on any delinquency amount in excess of \$1,500. A penalty of up to 6% of the delinquency may be imposed on a taxpayer with a delinquency in excess of \$10,000 who fails to pay that delinquency prior to the end of the fiscal year in which the charges become delinquent. The school levy is turned over to the Board of Education as expenditures are incurred, and the balance, if any, must be transferred as of June 30, of each fiscal year. County taxes are paid quarterly on February 15, May 15, August 15 and November 15, to the County by the Township. When unpaid taxes or any municipal lien, or part thereof, on real property, remains in arrears on April first in the year following the calendar year levy when the same became in arrears, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing the property on a standard tax sale. The Township also has the option when unpaid taxes or any municipal lien, or part thereof, on real property remains in arrears on the 11<sup>th</sup> day of the eleventh month in the fiscal year when the taxes or lien became in arrears, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing property on an accelerated tax sale, provided that the sale is conducted and completed no earlier than in the last month of the fiscal year. The Township may institute annual in rem tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property. In accordance with the accounting principles prescribed by the State of New Jersey, current and delinquent taxes are realized as revenue when collected. Since delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the tax receivable and tax title liens that are uncollectible. GAAP requires property tax revenues to be recognized in the accounting period when they become susceptible to accrual (i.e., when they are both levied and available), reduced by an allowance for doubtful accounts.

Miscellaneous Revenues/Receivables - Miscellaneous revenues are recognized on a cash basis. Receivables for the miscellaneous items that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the Township's Current Fund. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual (i.e., when they are both measurable and available).

Grant and Similar Award Revenues/Receivables - Federal and State grants, entitlements or shared revenues received for purposes normally financed through the Current Fund are recognized when anticipated in the Township's budget. GAAP requires such revenues to be recognized as soon as all eligibility requirements imposed by the grantor or provider have been met.

Interfunds - Interfund receivables in the Current Fund are recorded with offsetting reserves, which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves. GAAP does not require the establishment of an offsetting reserve for interfunds and, therefore, does not recognize income in the year liquidated.

Deferred Charges - Certain expenditures, operating deficits and other items are required to be deferred to budgets of succeeding years. GAAP requires expenditures, operating deficits and certain other items generally to be recognized when incurred, if measurable.

TOWNSHIP OF SOUTH HACKENSACK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

Appropriation Reserves – Appropriation reserves are recorded as liabilities and are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding year. Lapsed appropriation reserves are recorded as additions to income. Appropriation reserves do not exist under GAAP.

Expenditures – Expenditures are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with an encumbrance accounting system. Outstanding encumbrances at December 31, are reported as a cash liability in the financial statements. Unexpended or uncommitted appropriations, at December 31, are reported as expenditures through the establishment of appropriation reserves unless cancelled by the governing body. GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, as well as expenditures related to compensated absences and claims and judgements, which are recognized when due.

Encumbrances - Contractual orders outstanding at December 31, are reported as expenditures and liabilities through the establishment of an encumbrance payable. Encumbrances do not constitute expenditures or liabilities under GAAP.

Compensated Absences - Expenditures relating to obligations for unused vested accumulated vacation and sick leave are not recorded until paid; however, municipalities may establish and budget reserve funds subject to NJSA 40A:4-39 for the future payment of compensated absences. GAAP requires that the amount that would normally be liquidated with expendable available financial resources be recorded as an expenditure in the operating funds and the remaining obligations are recorded as a long-term obligation in the government-wide financial statements.

Tax Appeals and Other Contingent Losses - Losses arising from tax appeals and other contingent losses are recognized at the time a decision is rendered by an administrative or judicial body; however, municipalities may establish reserves transferred from tax collections or by budget appropriation for future payments of tax appeal losses. GAAP requires such amounts to be recorded when it is probable that a loss has been incurred and the amount of such loss can be reasonably estimated.

General Fixed Assets - In accordance with NJAC 5:30-5.6, Accounting for Governmental Fixed Assets, the Township of South Hackensack has developed a fixed assets accounting and reporting system. Fixed assets are defined by the Township as assets with an initial, individual cost of \$2,000 and an estimated useful life in excess of two years.

Fixed assets used in governmental operations (general fixed assets) are accounted for in the General Fixed Assets Account Group. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks are not capitalized.

TOWNSHIP OF SOUTH HACKENSACK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

Fixed Assets purchased after December 31, 1990 are stated as cost. Donated fixed assets are recorded at estimated fair market value at the date of donation.

Fixed Assets purchased prior to December 31, 1990 are stated as follows:

Land and Buildings	Assessed Value
Machinery and Equipment	Replacement Cost

No depreciation has been provided for in the financial statements.

Expenditures for construction in progress are recorded in the General Capital Fund until such time as the construction is completed and put into operation for general fixed assets.

GAAP requires that capital assets be recorded in proprietary-type funds as well as the government-wide financial statement at historical or estimated historical cost if actual historical cost is not available. In addition, GAAP requires depreciation on capital assets to be recorded in proprietary-type funds as well as in the government-wide financial statements.

Use of Estimates - The preparation of financial statements requires management of the Township to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of accrued revenues and expenditures during the reporting period. Accordingly, actual results could differ from those estimates.

Reclassifications - Certain reclassifications may have been made to the December 31, 2012 balances to conform to the December 31, 2013 presentation.

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

- A. Budgets and Budgetary Accounting - An annual budget is required to be adopted and integrated into the accounting system to provide budgetary control over revenues and expenditures. Budget amounts presented in the accompanying financial statements represent amounts adopted by the Township and approved by the State Division of Local Government Services as per N.J.S.A. 40A:4 et seq.

The Township is not required to adopt budgets for the following funds:

Trust Funds  
General Capital Fund



TOWNSHIP OF SOUTH HACKENSACK  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgets and Budgetary Accounting (Continued)

The governing body is required to introduce and approve the annual budget no later than February 10, of the fiscal year. The budget is required to be adopted no later than March 20, and prior to adoption must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. The governing body of the municipality may authorize emergency appropriations and the inclusion of certain special items of revenue to the budget after its adoption and determination of the tax rate. During the last two months of the fiscal year, the governing body may, by a 2/3 vote; amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the governing body. Expenditures may not legally exceed budgeted appropriations at the line item level. During 2013 and 2012 the Township Committee increased the original budget by \$144,177 and \$33,335. The increase in 2013 was attributable to emergency resolutions for liability insurance, employee group insurance and sewer charges. The increase in 2012 was attributable to additional aid allotted to the Township. In addition, the Township Committee approved several budget transfers during 2013 and 2012.

B. Excess Expenditures Over Appropriations

The following is a summary of expenditures in excess of available appropriations. The overexpended appropriations resulted in unfavorable variances.

2013	Modified Budget	Actual	Unfavorable Variance
Current Fund			
2013 Appropriations			
Employee Group Insurance	\$910,453	\$910,581	\$128
Streets and Road Maintenance –			
Salaries and Wages	433,216	434,135	919
2012 Appropriation Reserves –			
Liability Insurance	\$713	\$17,446	16,733

In accordance with the regulatory basis of accounting, the above variances or overexpenditures were recorded as deferred charges on the Current Fund balance sheet at year end and are required to be funded in the succeeding year's budget. GAAP does not permit the deferral of overexpenditures at year end.

C. Deficit Fund Balances

The Township has an accumulated deficit of \$2 in the Animal Control Fund. The Township expects to eliminate this deficit through normal operations in 2014.

TOWNSHIP OF SOUTH HACKENSACK  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 3 DEPOSITS AND INVESTMENTS

The Township considers petty cash, change funds, cash in banks, certificates of deposit and deposits with the New Jersey Cash Management Fund as cash and cash equivalents.

A. Deposits

The Township's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), Securities Investor Protection Corporation (SIPC) or New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The Township is required to deposit their funds in a depository which is protecting such funds pursuant to GUDPA. The New Jersey Governmental Unit Deposit Protection Act requires all banks doing business in the State of New Jersey to pledge collateral equal to at least 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of the lesser of 75% of its capital funds or \$200 million for all deposits not covered by the FDIC.

Bank balances for interest bearing accounts are insured up to \$250,000 in the aggregate by the FDIC for each bank. Under the Dodd-Frank Wall Street Reform and Consumer Protection Act, temporary unlimited deposit insurance coverage was provided for non-interest bearing accounts from December 31, 2010 through December 31, 2012. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At December 31, 2013 and 2012, the book value of the Township's deposits were \$2,494,693 and \$2,283,287 and bank and brokerage firm balances of the Township's deposits amounted to \$3,552,659 and \$3,100,873, respectively. The Township's deposits which are displayed on the various fund balance sheets as "cash" are categorized as:

<u>Depository Account</u>	<u>Bank Balance</u>	
	<u>2013</u>	<u>2012</u>
Insured	\$ 3,552,959	\$ 3,100,873

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Township does not have a formal policy for custodial credit risk. The Township's deposits were not exposed to custodial credit risk.

B. Investments

The Township is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 40A:5-15.1. Investments include bonds or other obligations of the United States or obligations guaranteed by the United States of America, Government Money Market Mutual Funds, bonds or other obligations of the Township or bonds or other obligations of the school districts which are a part of the Township or school districts located within the Township, Local Government investment pools, and agreements for the repurchase of fully collateralized securities, if transacted in accordance with NJSA 40A:5-15.1 (8a-8e). In addition, the Township is permitted to invest LOSAP Funds with the types of eligible investments authorized in NJAC 5:30-14.19. LOSAP investments include interest bearing accounts or securities, in which savings banks of New Jersey are authorized to invest their funds, New Jersey Cash Management Fund, fixed and variable individual or group annuity contracts, mutual fund shares or fixed and variable life insurance contracts.

TOWNSHIP OF SOUTH HACKENSACK  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 3 DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

As of December 31, 2013 and 2012, the Township had the following investments:

	<u>Fair Value</u>	
	<u>2013</u>	<u>2012</u>
Investment:		
Length of Service Awards Program (Unaudited)	\$ 439,750	\$ 351,359

Custodial Credit Risk – Investments – For an investment, this is the risk, that in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are held by an outside party. The Township does not have a policy for custodial risk. As of December 31, 2013 and 2012, \$439,750 and \$351,359 of the Township’s investments was exposed to custodial credit risk as follows:

	<u>2013</u>	<u>2012</u>
Uninsured and Collateralized:		
Collateral held by pledging financial institution's trust department but not in the Township's name	\$ 439,750	\$ 351,359

Interest Rate Risk – The Township does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – State law limits investments as noted above (N.J.S.A. 40A:5-15.1). The Township does not have an investment policy that would further limit its investment choices. As of December 2013 and 2012, the Township’s investment in Lincoln Financial Group was rated Baa1 and Baa2, respectively, by Moody’s Investors Service.

Concentration of Credit Risk – The Township places no limit in the amount the Township may invest in any one issuer. More than five (5) percent of the Township’s investments are in Lincoln Financial Group. These investments are 100% of the Township’s total investments.

The fair value of the above-listed investment was based on quoted market prices.

Interest earned in the General Capital Fund, Animal Control Fund and certain Other Trust Funds are assigned to the Current Fund in accordance with the regulatory basis of accounting.

**TOWNSHIP OF SOUTH HACKENSACK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 4 TAXES RECEIVABLE**

Receivables at December 31, 2013 and 2012 consisted of the following:

	<u>2013</u>	<u>2012</u>
<u>Current</u>		
Property Taxes	\$ 85	\$ 153
Tax Title Liens	<u>821</u>	<u>783</u>
	<u>\$ 906</u>	<u>\$ 936</u>

In 2013, the Township collected \$153 from delinquent taxes, which represented 16% of the prior year delinquent taxes receivable balance. The Township did not collect any delinquent taxes in 2012.

**NOTE 5 DUE TO/FROM OTHER FUNDS**

As of December 31, interfund receivables and payables that resulted from various interfund transactions were as follows:

	<u>2013</u>		<u>2012</u>	
	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Current Fund	\$ 58,316	\$ 101,774		\$ 61,480
Other Trust Fund	101,774		\$ 550	
General Capital Fund	<u>-</u>	<u>58,316</u>	<u>60,930</u>	<u>-</u>
	<u>\$ 160,090</u>	<u>\$ 160,090</u>	<u>\$ 61,480</u>	<u>\$ 61,480</u>

The above balances are the result of expenditures being paid by one fund on behalf of another.

The Township expects all interfund balances to be liquidated within one year.

TOWNSHIP OF SOUTH HACKENSACK  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 6 DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Under the regulatory basis of accounting, certain expenditures are required to be deferred to budgets of succeeding years. At December 31, the following deferred charges are reported on the balance sheets of the following funds:

	<u>Balance December 31,</u>	<u>Subsequent Year Budget Appropriation</u>	<u>Balance to Succeeding Budgets</u>
<u>2013</u>			
Current Fund			
Special Emergency Authorizations (40A:4-55)	\$ 15,000	\$ 15,000	
Emergency Authorization (40A:4-47)	144,177	144,177	
Overexpenditure of 2012 Appropriation Reserves	16,733	16,733	
Overexpenditure of 2013 Appropriations	1,047	1,047	\$ -
	<u>\$ 176,957</u>	<u>\$ 176,957</u>	<u>\$ -</u>
<u>2012</u>			
Current Fund			
Special Emergency Authorizations (40A:4-55)	<u>\$ 30,000</u>	<u>\$ 15,000</u>	<u>\$ 15,000</u>

NOTE 7 FUND BALANCES APPROPRIATED

Under the regulatory basis of accounting, fund balance in the Current Fund is comprised of cash surplus (fund balance) and non-cash surplus (fund balance). All or part of cash surplus as of December 31 may be anticipated in the subsequent year's budget. The non-cash surplus portion of fund balance may be utilized in the subsequent year's budget with the prior written consent of the Director of the Division of Local Government Services if certain guidelines are met as to its availability. Fund balances at December 31, which were appropriated and included as anticipated revenue in their own respective fund's budget for the succeeding year were as follows:

	<u>Fund Balance December 31, 2013</u>	<u>Utilized in Subsequent Year's Budget</u>	<u>Fund Balance December 31, 2012</u>	<u>Utilized in Subsequent Year's Budget</u>
Current Fund				
Cash Surplus	\$ 871,601	\$ 600,137	\$ 482,144	\$ 200,000
Non-Cash Surplus	<u>379,287</u>	<u>-</u>	<u>171,158</u>	<u>-</u>
	<u>\$ 1,250,888</u>	<u>\$ 600,137</u>	<u>\$ 653,302</u>	<u>\$ 200,000</u>

TOWNSHIP OF SOUTH HACKENSACK  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 8 FIXED ASSETS

General Fixed Assets

The following is a summary of changes in the general fixed assets account group for the years ended December 31, 2013 and 2012.

	Balance December 31, <u>2012</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2013</u>
<b><u>2013</u></b>				
Land	\$ 1,753,100			\$ 1,753,100
Buildings and Building Improvements	321,270			321,270
Machinery and Equipment	<u>3,643,803</u>	\$ 209,528	\$ -	<u>3,853,331</u>
	<u>\$ 5,718,173</u>	<u>\$ 209,528</u>	<u>\$ -</u>	<u>\$ 5,927,701</u>
	Balance December 31, <u>2011</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2012</u>
<b><u>2012</u></b>				
Land	\$ 1,753,100			\$ 1,753,100
Buildings and Building Improvements	193,200	\$ 128,070		321,270
Machinery and Equipment	<u>3,616,565</u>	<u>27,238</u>	\$ -	<u>3,643,803</u>
	<u>\$ 5,562,865</u>	<u>\$ 155,308</u>	<u>\$ -</u>	<u>\$ 5,718,173</u>

TOWNSHIP OF SOUTH HACKENSACK  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 9 MUNICIPAL DEBT

The Local Bond Law governs the issuance of bonds and notes used to finance capital expenditures. General obligation bonds have been issued for both general capital fund projects. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Township are general obligation bonds, backed by the full faith and credit of the Township. Bond anticipation notes, which are issued to temporarily finance capital projects, must be paid off within ten years and four months or retired by the issuance of bonds.

	<u>2013</u>	<u>2012</u>
Issued		
General		
Bonds, Notes and Loans	\$ 3,386,692	\$ 2,878,137
Less Funds Temporarily Held to Pay Bonds and Notes	<u>-</u>	<u>-</u>
Net Debt Issued	3,386,692	2,878,137
Authorized But Not Issued		
General		
Bonds and Notes	<u>1,251,632</u>	<u>890,882</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 4,638,324</u>	<u>\$ 3,769,019</u>

Statutory Net Debt

The statement of debt condition that follows is extracted from the Township's Annual Debt Statement and indicates a statutory net debt of .48% and .54% at December 31, 2013 and 2012, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2013</u>			
General Debt	\$ 4,638,324	\$ 1,400,000	\$ 3,238,324
School Debt	<u>5,815,000</u>	<u>5,815,000</u>	<u>-</u>
Total	<u>\$ 10,453,324</u>	<u>\$ 7,215,000</u>	<u>\$ 3,238,324</u>
<u>2012</u>			
General Debt	\$ 3,769,019		\$ 3,769,019
School Debt	<u>6,300,000</u>	<u>\$ 6,300,000</u>	<u>-</u>
Total	<u>\$ 10,069,019</u>	<u>\$ 6,300,000</u>	<u>\$ 3,769,019</u>

TOWNSHIP OF SOUTH HACKENSACK  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 9 MUNICIPAL DEBT (Continued)

Statutory Borrowing Power

The Township's remaining borrowing power under N.J.S. 40A:2-6, as amended, at December 31, was as follows:

	<u>2013</u>	<u>2012</u>
3-1/2% of Equalized Valuation Basis (Municipal) Net Debt	\$ 23,542,645 <u>3,238,324</u>	\$ 24,240,261 <u>3,769,019</u>
Remaining Borrowing Power	<u>\$ 20,304,321</u>	<u>\$ 20,471,242</u>

A. Long-Term Debt

The Township's long-term debt consisted of the following at December 31:

General Obligation Bonds

The Township levies ad valorem taxes to pay debt service on general obligation bonds. General obligation bonds outstanding at December 31 are as follows:

	<u>2013</u>	<u>2012</u>
\$1,880,000, 2011 Bonds, due in annual installments of \$125,000 to \$245,000 through February 15, 2023, interest at 3.00% to 4.00%	<u>\$1,630,000</u>	<u>\$1,755,000</u>

Intergovernmental Loans Payable

The Township has entered into a loan agreements with the New Jersey Environmental Infrastructure Trust for the financing relating to the drainage improvements of the Township's Green Street. The Township levies ad valorem taxes to pay debt service on general intergovernmental loans issued. General intergovernmental loans outstanding at December 31 are as follows:

	<u>2013</u>	<u>2012</u>
\$720,000, 2000 Loans, due in annual installments of \$40,000 to \$55,000 through August 1, 2020, interest at 2.0%	\$ 340,000	\$ 380,000
\$721,280, 2000 Loans, due in annual installments of \$1,901 to \$35,464 through August 1, 2020, interest at 2.0%	<u>221,442</u>	<u>258,137</u>
	<u>\$ 561,442</u>	<u>\$ 638,137</u>



TOWNSHIP OF SOUTH HACKENSACK  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

The Township's principal and interest for long-term debt issued and outstanding as of December 31, 2013 is as follows:

Calendar Year	<u>General Serial Bonds</u>		<u>Intergovernmental Loans</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2014	\$ 125,000	\$ 54,806	\$ 75,464	\$ 17,637	\$ 272,907
2015	125,000	51,056	82,310	15,638	274,004
2016	125,000	47,306	80,891	13,331	266,528
2017	125,000	43,556	87,548	11,025	267,129
2018	125,000	39,650	85,933	8,400	258,983
2019-2023	<u>1,005,000</u>	<u>109,028</u>	<u>149,296</u>	<u>8,663</u>	<u>1,271,987</u>
Total	<u>\$ 1,630,000</u>	<u>\$ 345,402</u>	<u>\$ 561,442</u>	<u>\$ 74,694</u>	<u>\$ 2,611,538</u>

Changes in Long-Term Municipal Debt

The Township's long-term capital debt activity for the years ended December 31, 2013 and 2012 were as follows:

	Balance, December 31, <u>2012</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2013</u>	Due Within <u>One Year</u>
<b><u>2013</u></b>					
General Capital Fund					
General Serial Bonds Payable	\$ 1,755,000		\$ 125,000	\$ 1,630,000	\$ 125,000
Intergovernmental Loans Payable	<u>638,137</u>	<u>\$ -</u>	<u>76,695</u>	<u>561,442</u>	<u>75,464</u>
	<u>\$ 2,393,137</u>	<u>\$ -</u>	<u>\$ 201,695</u>	<u>\$ 2,191,442</u>	<u>\$ 200,464</u>
	Balance, December 31, <u>2011</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2012</u>	Due Within <u>One Year</u>
<b><u>2012</u></b>					
General Capital Fund					
General Serial Bonds Payable	\$ 1,880,000		\$ 125,000	\$ 1,755,000	\$ 125,000
Intergovernmental Loans Payable	<u>716,062</u>	<u>\$ -</u>	<u>77,925</u>	<u>638,137</u>	<u>76,695</u>
	<u>\$ 2,596,062</u>	<u>\$ -</u>	<u>\$ 202,925</u>	<u>\$ 2,393,137</u>	<u>\$ 201,695</u>

TOWNSHIP OF SOUTH HACKENSACK  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 9 MUNICIPAL DEBT (Continued)

B. Short-Term Debt

The Township's short-term debt activity for the years ended December 31, 2013 and 2012 was as follows:

Bond Anticipation Notes

<u>2013</u>	Interest Rate (%)	Maturity Date	Balance, December 31, 2012	Issued	Redeemed	Balance, December 31, 2013
<u>General Capital Fund</u>						
Refunding Tax Appeals	1.95	2/28/2013	\$ 485,000		\$ 485,000	
	0.65	2/28/2014		\$ 390,000		\$ 390,000
Improvement of Dyer Avenue, Lincoln Street and Phillips Avenue	0.65	2/28/2014		38,000		38,000
Various Road Improvements	0.65	2/28/2014		419,000		419,000
Improvement to Baeli Playground and Veteran's Park Walkways	0.65	2/28/2014		34,250		34,250
Various Public Acquisitions and Improvements	0.65	2/28/2014	-	314,000	-	314,000
Total Bond Anticipation Notes Payable			\$ 485,000	\$ 1,195,250	\$ 485,000	\$ 1,195,250

<u>2012</u>	Interest Rate (%)	Maturity Date	Balance, December 31, 2011	Issued	Redeemed	Balance, December 31, 2012
<u>General Capital Fund</u>						
Refunding Tax Appeals	1.95	2/28/2013	\$ -	\$ 485,000	\$ -	\$ 485,000
Total Bond Anticipation Notes Payable			\$ -	\$ 485,000	\$ -	\$ 485,000

The purpose of these short-time borrowings was to provide resources for capital construction, acquisitions or improvement projects and other purposes permitted by State Local Bond Law NJSA 40A:2 et. seq. The amounts issued for governmental activities are accounted for in the General Capital Fund.

State law requires that notes are to be issued for a period not exceeding one year and may be renewed from time to time for additional periods, none of which shall exceed one year. All bond anticipation notes, including renewals, shall mature and be paid not later than the first day of the fifth month following the close of the tenth fiscal year following the date of the original notes. In addition any note renewed beyond the third anniversary date of the original note, requires one legally payable installment to be paid.

TOWNSHIP OF SOUTH HACKENSACK  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 10 OTHER SIGNIFICANT COMMITMENTS

As of December 31, the Township has other significant commitments as follows:

<u>2013</u>	<u>Purpose</u>	<u>Remaining Commitment</u>
	Tax Appeals Payable	\$826,088

NOTE 11 OTHER LONG-TERM LIABILITIES

Compensated Absences

Under the existing policies and labor agreements of the Township, employees are allowed to accumulate (with certain restrictions) unused sick leave over the life of their working careers and to redeem such unused leave time in cash (with certain limitations) upon death, retirement or by extended absence immediately preceding retirement.

It is estimated that the current cost of such unpaid compensation and salary related payments would approximate \$555,377 at December 31, 2013. The current cost of such unpaid compensation and salary related payments was not available as of December 31, 2012. These amounts which is are considered material to the financial statements, are not reported either as an expenditure or liability.

During 2013, the Township Committee established a reserve of \$85,000 in the Other Trust Fund to fund compensated absences in accordance with NJSA 40A:4-39.

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS

The State of New Jersey sponsors and administers the following contributory defined benefit public employee retirement systems (retirement systems) covering substantially all state and local government employees which includes those Township employees who are eligible for pension coverage.

**Police and Firemen's Retirement System (PFRS)** -- established in July 1944, under the provisions of N.J.S.A. 43:16A to provide coverage to substantially all full time county and municipal police or firemen and State firemen appointed after June 30, 1944. Membership is mandatory for such employees with vesting occurring after 10 years of membership.

**Public Employees' Retirement System (PERS)** -- established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, including post-retirement healthcare for those eligible employees whose local employers elected to do so, to substantially all full-time employees of the State or any county, municipality, school district, or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and, if applicable, 25 years for post-retirement healthcare coverage.

The State of New Jersey sponsors and administers the following defined contribution public employee retirement program covering certain state and local government employees which include those Township employees who are eligible for pension coverage.

TOWNSHIP OF SOUTH HACKENSACK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

**Defined Contribution Retirement Program (DCRP)** – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected and certain appointed officials, effective July 1, 2007. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership. This provision was extended by Chapter 1, P.L. 2010, effective May 21, 2010, to new employees (Tier 2) of the PFRS and new employers who would otherwise be eligible to participate in PERS and do not work the minimum required hours but earn a base salary of at least \$5,000 are eligible for participation in the DCRP.

**Other Pension Funds**

The state established and administers a Supplemental Annuity Collective Trust Fund (SACT) which is available to active members of the State-administered retirement systems to purchase annuities to supplement the guaranteed benefits provided by their retirement system. The state or local governmental employers do not appropriate funds to SACT.

The cost of living increase for PFRS and PERS are funded directly by each of the respective systems, but are currently suspended as a result of reform legislation.

According to state law, all obligations of each retirement system will be assumed by the State of New Jersey should any retirement system be terminated.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of each of the above systems, funds, and trust. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits website at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

**Basis of Accounting**

The financial statements of the retirement systems are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the retirement systems. Benefits and refunds are recognized when due and payable in accordance with the terms of the retirement systems.

**Significant Legislation**

P.L. 2011, c.78, effective June 28, 2011, made various changes to the manner in which PERS and PFRS operate and to the benefit provisions of those systems.

This new legislation's provisions impacting employee pension and health benefits include:

- For new members of PERS hired on or after June 28, 2011 (Tier 5 members), the years of creditable service needed for early retirement benefits increased from 25 to 30 years and the early retirement age increased from 55 to 65. The eligibility age to qualify for a service retirement in the PERS increased from age 62 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), decreased from 65 percent of final compensation to 60 percent of final compensation after 25 years of service and from 70 percent of final compensation to 65 percent of final compensation after 30 or more years of service.

**TOWNSHIP OF SOUTH HACKENSACK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Significant Legislation (Continued)**

- It increased the active member contribution rates as follows: PERS active member rates increase from 5.5 percent of annual compensation to 6.5 percent plus an additional 1 percent phased-in over 7 years; PFRS active member rates increase from 8.5 percent to 10 percent. For Fiscal Year 2013, the PERS member contribution rate was 6.64%. The phase-in of the additional incremental member contributions for PERS members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries was suspended. COLA increases may be reactivated at a future date as permitted by this law.
- It changed the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay method).

**Investment Valuation**

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair values.

The State of New Jersey, Department of the Treasury, Division of Investment, issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund. The financial report may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290, or at [www.state.nj/treasury/doinvest](http://www.state.nj/treasury/doinvest).

**Funded Status and Funding Progress**

As of July 1, 2012, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems, including PERS and PFRS, is 64.5 percent with an unfunded actuarial accrued liability of \$47.2 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 56.7 percent and \$34.4 billion, respectively and the aggregate funded ratio and unfunded accrued liability for local PERS and PFRS is 76.1 percent and \$12.8 billion, respectively.

The funded status and funding progress of the retirement systems includes actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the retirement systems in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at that point in time. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and members in the future.

TOWNSHIP OF SOUTH HACKENSACK  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

**Actuarial Methods and Assumptions**

In the July 1, 2012 actuarial valuations, the date of the most recent actuarial valuations, the projected unit credit was used as actuarial cost method, and the five year average of market value was used as asset valuation method for pension trust funds. The actuarial assumptions included (a) 7.90% for investment rate of return for all the retirement systems (2.00%) and (b) changes to projected salary increases, which vary by fund.

**Employer and Employee Pension Contributions**

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan members and employer contributions may be amended by State of New Jersey legislation, with the amount of contributions by the State of New Jersey contingent upon the annual Appropriations Act. As defined, the various retirement systems require employee contributions based on 6.50% plus an additional 1% phased-in over 7 years beginning in July 2012 for PERS, 10.0% for PFRS and 5.50% for DCRP of employees' annual compensation. The member contribution for PERS was 6.64% in fiscal year 2013.

**Annual Pension Cost (APC)**

Per the requirements of GASB Statement No. 27 for the year ended June 30, 2013 for PFRS and PERS, which are cost sharing multi-employer defined benefit pension plans, annual pension cost equals contributions made. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

During the years ended December 31, 2013, 2012 and 2011, the Township, was required to contribute for normal cost pension contributions, accrued liability pension contributions and non-contributory life insurance premiums the following amounts which equaled the required contributions for each respective year:

<u>Year Ended</u> <u>December 31</u>	<u>PFRS</u>	<u>PERS</u>	<u>DCRP</u>
2013	\$ 465,893	\$ 91,458	\$ 476
2012	467,488	114,639	847
2011	584,434	110,299	1,100

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS

**Plan Description**

The Township provides a post employment healthcare plan for its eligible retirees and their dependents. The plan is a single-employer defined benefit healthcare plan administered by the Township. In accordance with Township employment, contracts and personnel policies, the Township provides post-retirement health coverage to its eligible retired employees and their dependents at the time of retirement at the same cost to the retiree as there would be, if any, if they remained an employee. Coverage for a retiree's spouse and/or dependents ends upon the death of the retiree.

TOWNSHIP OF SOUTH HACKENSACK  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

**Funding Policy**

The Township funds its post-retirement medical benefits on a pay-as-you-go basis. For the years 2013 and 2012 the Township paid \$199,080 and \$143,584, respectively for post-retirement health coverage premiums for eligible retirees and their dependents.

**Annual OPEB Cost and Net OPEB Obligation**

The Township's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the Township's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Township's net OPEB obligation to the plan.

Annual Required Contribution	\$ 1,081,457
Interest on Net OPEB Obligation	87,191
ARC Adjustment	-
Annual OPEB Cost (Expense)	<u>1,168,648</u>
Contributions Made	<u>199,080</u>
Increase in Net OPEB Obligation	969,568
Net OPEB Obligation - Beginning of Year	<u>1,937,573</u>
Net OPEB Obligation - End of Year	<u>\$ 2,907,141</u>

The Township's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the years 2013, 2012 and 2011 were as follows:

<u>Year Ended</u> <u>December 31,</u>	<u>Annual</u> <u>OPEB Cost</u>	<u>Percentage of</u> <u>Annual OPEB</u> <u>Cost Contributed</u>	<u>Net</u> <u>OPEB</u> <u>Obligations</u>
2013	\$ 1,168,648	17%	\$ 2,907,141
2012	1,124,506	13%	1,937,573
2011	1,081,457	12%	956,651

**Funded Status and Funding Progress**

As of December 31, 2011, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits was \$12,385,388, and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$12,385,388. The covered payroll (annual payroll of active employees covered by the plan) was not available.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

TOWNSHIP OF SOUTH HACKENSACK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

**Actuarial Methods and Assumptions**

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the December 31, 2011, actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 4.50 percent investment rate of return (net of administrative expense) which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 9 percent initially, reduced by .5% decrements to an ultimate rate of 5 percent after ten years. Both rates included a 4.50 percent inflation assumption. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2013 was 28 years.

NOTE 14 RISK MANAGEMENT

The Township is exposed to various risks of loss related to general liability, automobile coverage, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; termination of employees and natural disasters. The Township has obtained commercial insurance coverage to guard against these events to minimize the exposure to the Township should they occur.

The Township of South Hackensack is a member of the South Bergen Municipal Joint Insurance Fund (SBJIF), and Municipal Excess Liability Joint Insurance Fund (MEL). The joint insurance funds are both an insured and self-administered group of municipalities established for the purpose of insuring against property damage, general liability, motor vehicles and equipment liability and worker's compensation. The Funds are risk-sharing public entity pools. The BJIF, SBJIF and MEL coverage amounts are on file with the Township.

The Township is also a member of the Bergen County Municipal Employees Benefits Fund. This fund is an insured and self-administered group established for the sole purpose of providing medical insurance coverage to the employees of member municipalities. The BMED is a risk-sharing public entity pool. The provided coverage amounts are on file with the Township.

The relationship between the Township and respective insurance funds is governed by a contract and by-laws that have been adopted by resolution of each unit's governing body. The Township is contractually obligated to make all annual and supplementary contributions to the insurance funds, to report claims on a timely basis, to cooperate with the management of the funds, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the funds. Members have a contractual obligation to fund any deficit of the funds attributable to a membership year during which the municipality was a member.

The funds provide its members with risk management services, including the defense of and settlement of claims, and established reasonable and necessary loss reduction and prevention procedures to be followed by the members. Complete financial statements of the funds can be obtained by contacting the respective fund's Treasurer.

There has been no significant reduction in insurance coverage from the previous year nor have there been any settlements in excess of insurance coverage in any of the prior three years.



TOWNSHIP OF SOUTH HACKENSACK  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 14 RISK MANAGEMENT (Continued)

The Township has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan the Township is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Township is billed quarterly for amounts due to the State. The following is a summary of Township contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the Township's unemployment compensation trust fund for the current and previous two years:

<u>Year Ended</u> <u>December 31</u>	<u>Township</u> <u>Contributions</u>	<u>Employee</u> <u>Contributions</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2013		\$ 3,558	\$ 5,956	\$ 32,148
2012	\$ 40,000	2,861	14,613	34,546
2011	40,000	2,811	29,863	6,298

NOTE 15 CONTINGENT LIABILITIES

The Township is a party defendant in some lawsuits, none of a kind unusual for a municipality of its size and scope of operation. In the opinion of the Township's Attorney, the potential claims against the Township not covered by insurance policies would not materially affect the financial condition of the Township.

**Pending Tax Appeals** - Various tax appeal cases were pending in the New Jersey Tax Court at December 31, 2013 and 2012. Amounts claimed have not yet been determined. The Township is vigorously defending its assessments in each case. Under the accounting principles prescribed by the Division of Local Government Services, Department of community Affairs, State of New Jersey, the Township does not recognize a liability, if any, until these cases have been adjudicated. The Township expects such amounts, if any, could be material. As of December 31, 2013 and 2012, the Township has no funds reserved, respectively in the Current Fund for tax appeals pending in the New Jersey Tax Court. In 2013 and 2012, the Township Committee adopted Ordinance No's. 13-10 and 12-12, which appropriated \$1,010,000 and \$485,000 to fund various tax appeal settlements. Funding of any ultimate liability would be provided for in succeeding years' budget, from fund balance or a refunding bond ordinance.

**Federal and State Awards** - The Township participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Township may be required to reimburse the grantor government. As of December 31, 2013 and 2012, significant amounts of grant expenditure have not been audited by the various grantor agencies but the Township believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the Township.

**TOWNSHIP OF SOUTH HACKENSACK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 16 FEDERAL ARBITRAGE REGULATIONS**

The Township is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At December 31, 2013 and 2012, the Township has not estimated its estimated arbitrage earnings due to the IRS, if any.

**NOTE 17 LENGTH OF SERVICE AWARD PROGRAM (LOSAP)-UNAUDITED**

The Township of South Hackensack Length of Service Award Program (the Plan) was created by a Township ordinance adopted on August 9, 2001 pursuant to 457 (e)(11)(13) of the Internal Service Code of 1986, as amended, except for provisions added by reason of the Length of Service Award Program as enacted into federal law in 1997. The voters of the Township of South Hackensack approved the adoption of the Plan at the general election held on November 6, 2001.

The first year of eligibility for entrance into the Plan was calendar year 2001. The tax deferred income benefits for emergency services volunteers, consisting of the Volunteer Fire Department and the First Aid Organization, come from contributions made solely by the Township on behalf of those volunteers who meet the criteria of a plan created by the governing body.

If an active member meets the year of active service requirement, a LOSAP must provide a benefit between the minimum contribution of \$100 and a maximum contribution of \$1,150 per year. While the maximum amount is established by statute, it is subject to periodic increases that are related to the consumer price index (N.J.S.A. 40A:14-185(f)). The Division of Local Government Services issues the permitted maximum increase annually.

The Township of South Hackensack has contributed \$1,516 and \$1,512 for 2013 and 2012, respectively, for each eligible volunteer fire department and volunteer first aid squad member into the Plan.

In accordance with the amendments to Section 457 of the Internal Revenue Code and the State Deferred Revenue Regulations, the Township has placed the amounts deferred, including earnings, in a trust for the exclusive benefit of the plan participants and their beneficiaries.

Lincoln Financial Group is the administrator of the plan. The Township's practical involvement in administering the plan is essentially limited to verifying the eligibility of each participant and remitting the funds to the plan administrator.

**Vesting and Benefits**

A volunteer is eligible to receive a distribution of funds upon completing 5 (five) cumulative years as an active member of the volunteer organization. Certain restrictions and tax implications may result in the event of a withdrawal of funds from the Plan.

If a volunteer member does not vest and terminates their association with the emergency service organization, the funds are returned to the sponsoring agency's surplus.

TOWNSHIP OF SOUTH HACKENSACK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012

**NOTE 17 LENGTH OF SERVICE AWARD PROGRAM (LOSAP)-UNAUDITED (Continued)**

**Reporting Requirements**

The New Jersey Administrative Code NJAC 5:30-14.49 requires that the Township perform a separate review report of the plan in accordance with the American Institute of Certified Public Accountants (AICPA) Statements on Standards for Accounting and Auditing Review Services. Since a review does not constitute an audit, the financial statements pertaining to the Plan are presented as unaudited in this report as part of the Township's Trust Fund.

**NOTE 18 HURRICANE SANDY**

On October 29, 2012 Hurricane Sandy, the largest Atlantic hurricane on record made landfall in New Jersey and resulted in severe damage in numerous communities and a federal disaster was declared throughout the State. The Township has incurred significant costs in the clean up and recovery from this federal disaster. The Federal Emergency Management Agency ("FEMA") provides emergency grant assistance (voluntary nonexchange transaction) to help government's cope with losses. Although the Township has applied for reimbursement from FEMA, the total amount to be received in conjunction with this event is not considered to be measurable with sufficient reliability and therefore has not been recognized in the financial statements as of December 31, 2013. As of December 31, 2013, the Township has received \$70,572 in FEMA reimbursements relating to Hurricane Sandy which have been recorded in the Current Fund financial statements as a non-budget revenue.

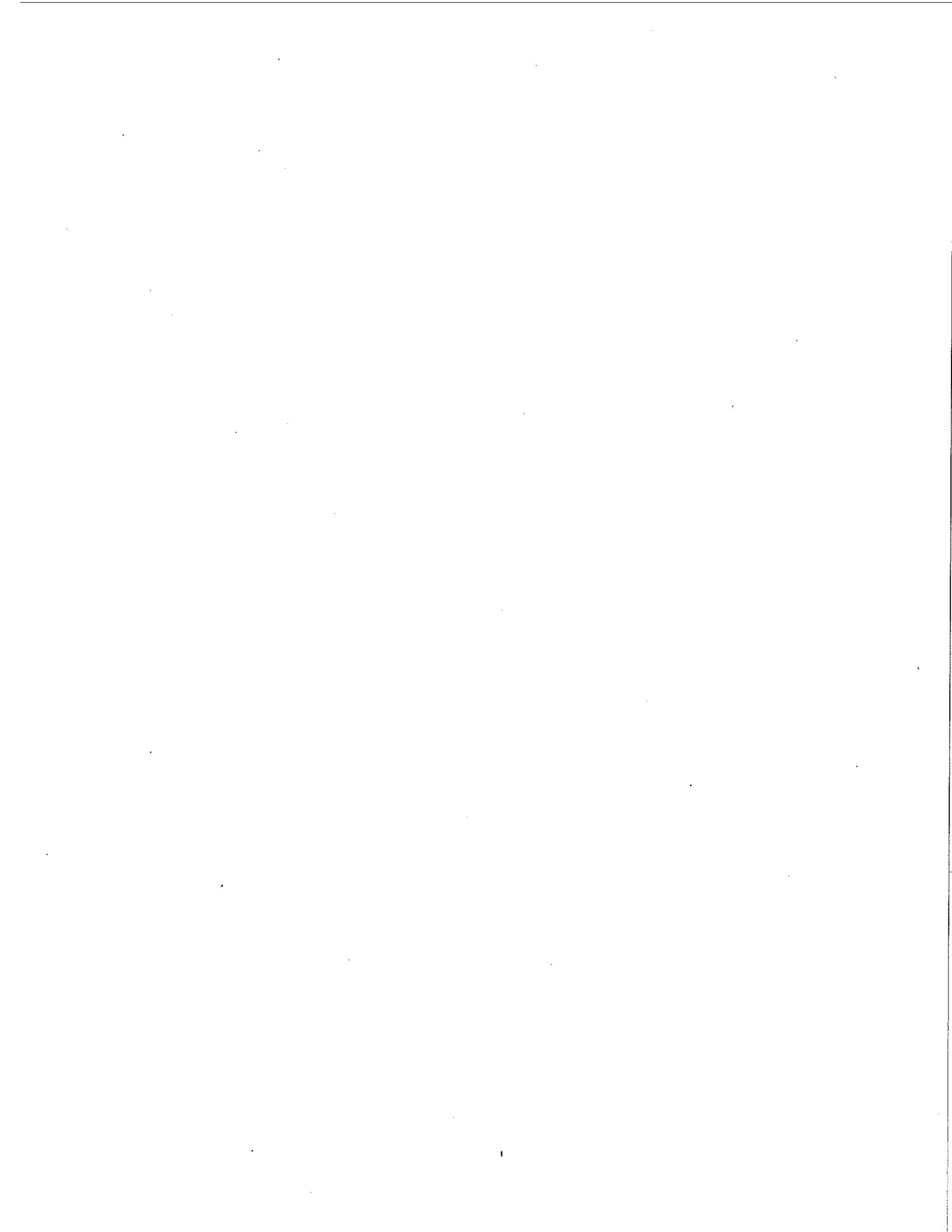
**NOTE 19 SUBSEQUENT EVENTS**

**Bond Anticipation Notes**

On February 28, 2014 the Township issued Bond Anticipation Notes in the amount of \$2,185,000. The total amount of \$2,185,000 relates to the renewal of Bond Anticipation Notes issued on February 28, 2013 in the amount of \$1,000,250 and to temporarily finance additional expenditures related to various capital projects in the amount of \$1,084,750. The Township have awarded the sale of said notes to TD Bank at an interest rate of .49%. These notes dated February 28, 2014 will mature on February 27, 2015.

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**CURRENT FUND**



**TOWNSHIP OF SOUTH HACKENSACK  
STATEMENT OF CURRENT CASH**

Balance, December 31, 2012		\$ 1,703,260
Increased by Receipts:		
Taxes Receivable	\$ 14,396,506	
Non-Budget Revenue	78,572	
Due from State of New Jersey - Senior Citizens' and Veterans'	16,349	
Revenue Accounts Receivable	1,356,326	
Prepaid Taxes	106,381	
Prepaid Sewer Fees	1,839	
Tax Overpayments	7,768	
Health Fees	3	
DCA Training Fees	6,413	
Unappropriated Reserves - Grants	54,006	
Miscellaneous Reserves and Deposits	33,618	
Petty Cash Returned	300	
Grants Receivable	42,547	
Receipts from General Capital Fund	500,339	
Due to Other Trust Fund	24,224	
Due from Other Trust Fund	<u>2,842</u>	
		<u>16,628,033</u>
		18,331,293
Decreased by Disbursements:		
2013 Budget Appropriations	7,339,568	
2012 Appropriation Reserves	271,538	
County Taxes Payable	1,540,131	
Local District School Taxes Payable	7,060,638	
Appropriated Reserves - Grants	372	
Health Fees Payable	250	
Due from General Capital Fund	8,320	
Miscellaneous Reserves and Deposits	33,618	
Payments to Other Trust Fund	8,000	
DCA Training Fees Payable	3,621	
Payments to General Capital Fund	<u>560,930</u>	
		<u>16,826,986</u>
Balance, December 31, 2013		<u>\$ 1,504,307</u>

TOWNSHIP OF SOUTH HACKENSACK  
STATEMENT OF CHANGE FUND

	Balance, December 31, <u>2012</u>	Balance, December 31, <u>2013</u>
Finance Office	\$ 100	\$ 100
Municipal Court	<u>100</u>	<u>100</u>
	<u>\$ 200</u>	<u>\$ 200</u>

STATEMENT OF PETTY CASH

	Balance, December 31, <u>2012</u>	Returned to <u>Treasurer</u>	Balance, December 31, <u>2013</u>
Finance Office	\$ 300	\$ 300	\$ -
	<u>\$ 300</u>	<u>\$ 300</u>	<u>\$ -</u>



**TOWNSHIP OF SOUTH HACKENSACK  
STATEMENT OF GRANTS RECEIVABLE**

	Balance December 31, <u>2012</u>	Revenue <u>Realized</u>	<u>Received</u>	Balance December 31, <u>2013</u>
Bergen County Prosecutor- Forfeiture Funds	\$ 6,500			\$ 6,500
Green Communities Grant	3,000			3,000
Over the Limit Under Arrest	6,000			6,000
Click-It-or Ticket	7,200			7,200
Bergen County Open Space	34,000			34,000
Bergen County Prosecutor- Confiscated Funds	84,458		\$ 42,547	41,911
COPS Hiring Program	-	\$ 103,469	-	103,469
	<u>\$ 141,158</u>	<u>\$ 103,469</u>	<u>\$ 42,547</u>	<u>\$ 202,080</u>

EXHIBIT A-8

**STATEMENT OF DUE (FROM) / TO STATE OF NEW JERSEY  
FOR SENIOR CITIZENS' AND VETERANS' DEDUCTIONS**

Balance, December 31, 2012 (Due to)	\$ 2,500
Increased by:	
Received in Cash from State	\$ 16,349
Senior Citizens Disallowed by Tax Collector	<u>6,901</u>
	<u>23,250</u>
	25,750
Decreased by:	
Senior Citizens' Deductions Per Tax Billings	7,750
Veterans' Deductions Per Tax Billings	17,500
Senior Citizens' /Veterans' Deductions Allowed by Tax Collector	<u>750</u>
	<u>26,000</u>
Balance, December 31, 2013 (Due from)	<u>\$ 250</u>

**TOWNSHIP OF SOUTH HACKENSACK  
STATEMENT OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY**

Year	Balance, December 31, 2012	2013 Levy	Senior Citizens' and Veterans' Deductions Disallowed	Collected In 2012	2013	Senior Citizens' and Veterans' Deductions Allowed	Transferred to Tax Title Liens	Remitted or Cancelled	Balance, December 31, 2013
2012	\$ 153			\$	153				
2013	-	\$ 14,750,164	\$ 6,901	\$ 281,775	14,396,353	\$ 26,000	\$ 38	\$ 52,814	\$ 85
	\$ 153	\$ 14,750,164	\$ 6,901	\$ 281,775	\$ 14,396,506	\$ 26,000	\$ 38	\$ 52,814	\$ 85

Analysis of 2013 Property Tax Levy

Tax Yield	
General Purpose Tax	\$ 14,742,361
Added Taxes (R.S. 54:4-36.1 et. seq.)	<u>7,803</u>
	\$ 14,750,164
Tax Levy	
Local District School Tax	\$ 6,993,331
County Tax	1,520,102
County Open Space Preservation	17,462
County Tax for Added Taxes	<u>817</u>
	\$ 8,531,712
Local Tax for Municipal Purposes	6,210,855
Add Additional Tax Levy	<u>7,597</u>
	<u>6,218,452</u>
	\$ 14,750,164

**TOWNSHIP OF SOUTH HACKENSACK  
STATEMENT OF TAX TITLE LIENS RECEIVABLE**

Balance, December 31, 2012	\$ 783
Increased by:	
Transferred from 2013 Taxes	38
 Balance, December 31, 2013	 \$ 821

EXHIBIT A-11

**STATEMENT OF REVENUE ACCOUNTS RECEIVABLE**

	Balance, December 31, <u>2012</u>	<u>Accrued</u>	Collected <u>2013</u>	Prepays <u>Applied</u>	Balance, December 31, <u>2013</u>
Licenses					
Alcoholic Beverage		\$ 15,698	\$ 15,698		
Other		43,038	43,038		
Fees and Permits		8,204	8,204		
Construction Code Official					
Fees and Permits		92,976	92,976		
Municipal Court					
Fines and Costs	\$ 4,136	114,808	106,434		\$ 12,510
Interest on Investments and Deposits		1,115	1,115		
Interest and Costs on Taxes		36,074	36,074		
Energy Receipts Tax		450,039	450,039		
Consolidated Municipal Property Tax Relief		34,684	34,684		
Uniform Fire Safety Act		49,041	49,041		
Well Charges		2,475	2,475		
Sewer Charges		306,217	306,106	\$ 111	
Biodegradable and Suspended Solids		55,886	55,886		
Hotel Occupancy Tax		80,883	80,883		
Sewer Connection - Little Ferry Borough		14,513	14,513		
Cable Television Franchise Fees		31,080	31,080		
Cellular Tower Lease		28,080	28,080		
Traffic Detail	961	-	-	-	961
	\$ 5,097	\$ 1,364,811	\$ 1,356,326	\$ 111	\$ 13,471

**TOWNSHIP OF SOUTH HACKENSACK  
STATEMENT OF DEFERRED CHARGES  
N.J.S. 40A:4-55.3 SPECIAL EMERGENCY AUTHORIZATIONS**

<u>Date Authorized</u>	<u>Purpose</u>	<u>Net Amount Authorized</u>	<u>1/5 of Net Amount Authorized</u>	<u>Balance, December 31, 2012</u>	<u>Reduced by 2013 Budget</u>	<u>Balance, December 31, 2013</u>
10/1/2009	Revaluation	75,000	15,000	\$ 30,000	\$ 15,000	\$ 15,000
				<u>\$ 30,000</u>	<u>\$ 15,000</u>	<u>\$ 15,000</u>

EXHIBIT A-13

**STATEMENT OF DEFERRED CHARGES  
EMERGENCY AUTHORIZATIONS**

	<u>Balance, December 31, 2012</u>	<u>Added in 2013</u>	<u>Balance, December 31, 2013</u>
Emergency Authorizations (40A:4-47)		\$ 144,177	\$ 144,177
Overexpenditure of 2012 Appropriation Reserves		16,733	16,733
Overexpenditure of 2013 Appropriations	\$ -	1,047	1,047
	<u>\$ -</u>	<u>\$ 161,957</u>	<u>\$ 161,957</u>

TOWNSHIP OF SOUTH HACKENSACK  
STATEMENT OF 2012 APPROPRIATION RESERVES

	Balance December 31, 2012	Encumbrances Restored	Budget After Transfer or Modification	Paid or Charged	Balance Lapsed	Over- Expenditure
<b>Salaries and Wages</b>						
Mayor and Township Committee	\$ 30		\$ 85,030	\$ 85,000	\$ 30	
Municipal Clerk's Office	32		32		32	
Financial Administration	1,180		1,180		1,180	
Revenue Administration	746		746		746	
Planning Board	79		79		79	
Zoning Board of Adjustment	79		79		79	
Code Enforcement	515		515		515	
Municipal Court	6,275	\$ 50	6,325		6,325	
Police Department	1,209	3,315	4,524	3,315	1,209	
Police Dispatch 911	5,193		5,193		5,193	
Office of Emergency Management	136		136		136	
Aid to Volunteer Ambulance Companies	4,036		4,036		4,036	
Fire Department	2,094		2,094		2,094	
Public Defender	314		314		314	
Streets and Roads	8,502		8,502		8,502	
Public Health Services	358		358		358	
Recreation Services and Programs	2,536		2,536		2,536	
	<u>33,314</u>	<u>3,365</u>	<u>121,679</u>	<u>88,315</u>	<u>33,364</u>	<u>-</u>
<b>Other Expenses</b>						
Mayor and Township Committee	139	50	189	50	139	
Municipal Clerk's Office	855	1,880	1,735	407	1,328	
Financial Administration	8,023	200	2,223	939	1,284	
Audit Services	1,065	6,000	7,065	2,360	4,705	
Revenue Administration	94	284	378	284	94	
Tax Assessment Administration	359		359		359	
Legal Services and Costs	28,080	5,646	33,726	7,953	25,773	
Engineering Services and Costs	2,402		402		402	
Planning Board	789	165	954		954	
Zoning Board of Adjustment	681		681		681	
Code Enforcement	812		812		812	
Liability Insurance	713		713	17,446		\$ 16,733
Workers Compensation Insurance	-	51,154	51,154	51,154		
Employee Group Insurance	61,588	61,244	122,832	61,244	61,588	
Police Department	2,766	2,259	4,025	1,922	2,103	
Police Dispatch/911	580		580		580	
Office of Emergency Management	506		506		506	
Aid to Volunteer Fire Companies	23,064	9,332	22,896	20,610	2,286	
Aid to Volunteer Ambulance Companies	730		730		730	
Fire Department	2,180	325	505	325	180	
Streets and Roads Maintenance	11,028	752	11,780	11,303	477	
Solid Waste Collection	7,714		7,714		7,714	
Public Buildings and Grounds	21,045	1,892	4,937	31	4,906	
Vehicle Maintenance	12,770	513	13,283	542	12,741	
Dump Fees	5,249	12,260	13,509	12,260	1,249	
Dump Fees-Tax	140	234	374	234	140	
Public Health Services	34		34		34	
Animal Control	148		148		148	

TOWNSHIP OF SOUTH HACKENSACK  
STATEMENT OF 2012 APPROPRIATION RESERVES

	Balance December 31, 2012	Encumbrances Restored	Budget After Transfer or Modification	Paid or Charged	Balance Lapsed	Over- Expenditure
Other Expenses (Continued)						
Recreation Services and Programs	\$ 490		\$ 490		\$ 490	
Celebration of Public Events	6,018		1,018		1,018	
Accumulated Leave Compensation	1		1		1	
Utilities:						
Gasoline	19,366	\$ 2,181	3,047	\$ 2,194	853	
Electricity	10,136	268	2,904	269	2,635	
Telephone	9,930	725	2,155		2,155	
Water	1,239		239		239	
Social Security	10,047		10,047		10,047	
Public Employees Retirement System of NJ	361		361		361	
Police and Firemen's Retirement System of NJ	512		512		512	
Defined Contribution Retirement Plan	1,153		1,153		1,153	
Municipal Court	1,658	452	1,110	314	796	
Length of Services Awards Program	1,319		1,319	788	531	
Sewerage Processing and Disposal	22,049	17,026	39,075	32,797	6,278	
Bergen County - 911 Emergency Service	313	1,687	2,000	1,687	313	
Recycling Tonnage Grant	33,335		33,335	33,335		
Clean Communities	4,000		4,000	4,000		
BC Prosecutor-Forfeiture Funds	11,453	39,975	51,428	51,428		
Click It or Ticket It	2,800		2,800	2,800		
Body Armor Grant	1,693		1,693	1,693		
	<u>331,427</u>	<u>216,504</u>	<u>462,931</u>	<u>320,369</u>	<u>159,295</u>	<u>16,733</u>
	<u>\$ 364,741</u>	<u>\$ 219,869</u>	<u>\$ 584,610</u>	<u>\$ 408,684</u>	<u>\$ 192,659</u>	<u>\$ 16,733</u>
Cash Disbursements				\$ 271,538		
Transfer to Accounts Payable				558		
Transfer to Other Trust - Accumulated Absences				85,000		
Transfer to Appropriated Grant Reserve				51,588		
				<u>\$ 408,684</u>		

EXHIBIT A-15

STATEMENT OF MISCELLANEOUS RESERVES AND DEPOSITS

	Balance, December 31, 2012	Cash Receipts	Cash Disbursements	Transfer from 2013 Appropriation	Balance, December 31, 2013
Revaluation	\$ 12,300				\$ 12,300
Miscellaneous					
Tax Appeals				\$ 19,639	19,639
Tax Title Liens Redemptions	<u>1,461</u>	<u>\$ 33,618</u>	<u>\$ 33,618</u>	<u>-</u>	<u>1,461</u>
	<u>\$ 13,761</u>	<u>\$ 33,618</u>	<u>\$ 33,618</u>	<u>\$ 19,639</u>	<u>\$ 33,400</u>

**TOWNSHIP OF SOUTH HACKENSACK  
STATEMENT OF ENCUMBRANCES PAYABLE**

Balance, December 31, 2012	\$	219,869
Increased by:		
Charges to 2013 Appropriations		17,063
		236,932
Decreased by:		
Payables Restored to 2012 Appropriation Reserves		219,869
Balance, December 31, 2013	\$	17,063

EXHIBIT A-17

**STATEMENT OF PREPAID TAXES**

Balance, December 31, 2012	\$	276,072
Increased by:		
Collection of 2014 Taxes	\$	106,381
Transfer from Tax Overpayments		5,703
		112,084
		388,156
Decreased by:		
Applied to 2013 Taxes Receivable		281,775
Balance, December 31, 2013	\$	106,381

EXHIBIT A-18

**STATEMENT OF ACCOUNTS PAYABLE**

Balance, December 31, 2012	\$	19,307
Increased by:		
Charges to 2012 Appropriation Reserves		558
		19,865
Decreased by:		
Canceled		19,307
Balance, December 31, 2013	\$	558

**TOWNSHIP OF SOUTH HACKENSACK  
STATEMENT OF LOCAL SCHOOL TAXES PAYABLE**

Balance, December 31, 2012	\$	67,307
Increased by:		
Levy, Calendar Year 2013		6,993,331
		7,060,638
Decreased by:		
Payments		7,060,638
Balance, December 31, 2013	\$	-

EXHIBIT A-20

**STATEMENT OF COUNTY TAXES PAYABLE**

Balance, December 31, 2012	\$	2,567
Increased by:		
General Levy	\$ 1,520,102	
Open Space Tax	17,462	
Added and Omitted Taxes	817	
		\$ 1,538,381
		1,540,948
Decreased by:		
Payments		1,540,131
Balance, December 31, 2013	\$	817

EXHIBIT A-21

**STATEMENT OF RESERVE FOR APPROPRIATED GRANTS**

	Balance, December 31, <u>2012</u>	Cash <u>Disbursed</u>	Transferred from 2012 <u>Appropriations</u>	Balance, December 31, <u>2013</u>
Recycling Tonnage Grant	\$ 66,910		\$ 33,335	\$ 100,245
Body Armor Fund	372	\$ 372		-
Alcohol Education Rehabilitation Fund	1,427			1,427
Private Donation - Grant Supplies	3,000			3,000
Private Donation - BCCT	4,000			4,000
Clean Communities	16,000		4,000	20,000
Drunk Driving Enforcement Fund	1,202			1,202
Over the Limit Under Arrest	6,000			6,000
Click It or Ticket It	4,400		2,800	7,200
Green Communities	3,000			3,000
BCUA Municipal Recycling Assistance	4,719			4,719
Bergen County Confiscated Funds	36,958			36,958
2010 Open Space Trust - Playground Renovation	34,000			34,000
BC Prosecutor-Forfeiture Funds	-	-	11,453	11,453
	<u>\$ 181,988</u>	<u>\$ 372</u>	<u>\$ 51,588</u>	<u>\$ 233,204</u>



**TOWNSHIP OF SOUTH HACKENSACK  
STATEMENT OF RESERVE FOR UNAPPROPRIATED GRANTS**

	Balance, December 31, <u>2012</u>	Cash <u>Receipts</u>	Appropriated <u>in 2013</u>	Balance, December 31, <u>2013</u>
Donation - BCCT	\$ 150			\$ 150
Clean Communities Program	4,000	\$ 4,314	\$ 4,000	4,314
Body Armor	1,726	2,441	1,726	2,441
Recycling Tonnage		43,251		43,251
Highway Safety	-	<u>4,000</u>	-	<u>4,000</u>
	<u>\$ 5,876</u>	<u>\$ 54,006</u>	<u>\$ 5,726</u>	<u>\$ 54,156</u>

EXHIBIT A-23

**STATEMENT OF HEALTH FEES PAYABLE**

Balance, December 31, 2012	\$ 334
Increased by:	
Cash Receipts	<u>3</u>
	337
Decreased by:	
Cash Disbursements	<u>250</u>
Balance, December 31, 2013	<u>\$ 87</u>

EXHIBIT A-24

**STATEMENT OF DCA TRAINING FEES PAYABLE**

Balance, December 31, 2012	\$ -
Increased by:	
Cash Receipts	<u>6,413</u>
	6,413
Decreased by:	
Cash Disbursements	<u>3,621</u>
Balance, December 31, 2013	<u>\$ 2,792</u>

TOWNSHIP OF SOUTH HACKENSACK  
STATEMENT OF TAX OVERPAYMENTS

Balance, December 31, 2012	\$ 5,703
Increased by:	
Cash Receipts	<u>7,768</u>
	13,471
Decreased by:	
Transfer to Prepaid Taxes	<u>5,703</u>
Balance, December 31, 2013	<u>\$ 7,768</u>

STATEMENT OF PREPAID SEWER FEES

Balance, December 31, 2012	\$ 111
Increased by:	
Cash Receipts	<u>1,839</u>
	1,950
Decreased by:	
Prepayments Applied	<u>111</u>
Balance, December 31, 2013	<u>\$ 1,839</u>

**TRUST FUNDS**



TOWNSHIP OF SOUTH HACKENSACK  
STATEMENT OF TRUST CASH

	Animal Control	Other Trust	Unemployment Insurance Trust	Recreation Trust
Balance (Overdraft), December 31, 2012	\$ (137)	\$ 442,349	\$ 34,576	\$ 6,803
Increased by Receipts:				
Animal Control Fees	\$ 142			
Due to State of NJ - Animal Control Fees	31			
Prepaid Animal Licenses		\$ 123,055	\$ 3,558	
Budget Appropriation				
Escrow Deposits Received		2,158,067		
Employee Contributions		2,169,253		
Accrued Salaries and Wages		5,145		
Payroll Deductions				
Flexible Spending				
Recreation Receipts				\$ 802
Receipts from Current Fund	<u>300</u>	<u>8,000</u>	<u>-</u>	<u>-</u>
	473	<u>4,463,520</u>	<u>3,558</u>	<u>802</u>
Decreased by Disbursements:				
Due to State of NJ	25			
Expenditures Under R.S. 4:19-15.11				
Escrow Deposits Disbursed			5,986	2,937
Payroll Deductions		183,455		
Accrued Salaries and Wages		2,163,494		
Flexible Spending		2,155,475		
Payments to Current Fund		4,619		
	<u>300</u>	<u>2,842</u>	<u>-</u>	<u>-</u>
	325	<u>4,509,885</u>	<u>5,986</u>	<u>2,937</u>
Balance, December 31, 2013	<u>\$ 11</u>	<u>\$ 395,984</u>	<u>\$ 32,148</u>	<u>\$ 4,668</u>

**TOWNSHIP OF SOUTH HACKENSACK  
STATEMENT OF DUE TO STATE OF NEW JERSEY - ANIMAL CONTROL FEES**

Balance, December 31, 2012	\$	3
Increased by:		
State Fees Collected	\$	31
Prepaid License in 2012		<u>4</u>
		<u>35</u>
		38
Decreased by:		
Payments to State of NJ		<u>25</u>
Balance, December 31, 2013	\$	<u>13</u>

EXHIBIT B-3

**STATEMENT OF RESERVE FOR ANIMAL CONTROL EXPENDITURES**

Balance, December 31, 2012 (Deficit)	\$	(151)
Increased by:		
Animal Control Fees Collected	\$	142
Prepaid License in 2012		7
Cash Receipts from Current Fund		<u>300</u>
		<u>449</u>
		298
Decreased by:		
Payments to Current Fund		<u>300</u>
Balance, December 31, 2013 (Deficit)	\$	<u>(2)</u>

EXHIBIT B-4

**STATEMENT OF PREPAID LICENSES  
ANIMAL CONTROL TRUST FUND**

Balance, December 31, 2012	\$	11
Decreased by:		
Applied to Due to State of NJ	\$	4
Applied to Reserve for Animal Control		<u>7</u>
		<u>11</u>
Balance, December 31, 2013	\$	<u>-</u>

**TOWNSHIP OF SOUTH HACKENSACK  
STATEMENT OF MISCELLANEOUS RESERVES AND DEPOSITS  
OTHER TRUST FUND**

	Balance December 31, <u>2012</u>	<u>Receipts</u>	<u>Disbursements</u>	Balance December 31, <u>2013</u>
Developer's Escrow	\$ 165,218	\$ 75,701	\$ 139,922	\$ 100,997
COAH	124,157	5,689	11,255	118,591
Scholarship	41,599	49	2,000	39,648
Police Outside Employment	11,865	11,254	10,154	12,965
DARE	2,866	2,966	1,201	4,631
POAA	244	196	65	375
Miscellaneous	2,639			2,639
Tax Sale Certificate Premiums	13,100	25,700	21,700	17,100
Fire Prevention Fees	21,844			21,844
Street Openings	8,885	1,500		10,385
Shade Tree	550			550
Accumulated Absences		85,000		85,000
Forfeited Property	-	24,224	-	24,224
	<u>\$ 392,967</u>	<u>\$ 232,279</u>	<u>\$ 186,297</u>	<u>\$ 438,949</u>
Cash Receipts		\$ 123,055		
Cash Disbursements			\$ 183,455	
Due from Current Fund		109,224		
Due to Current Fund - Non Budget Revenue		-	2,842	
		<u>\$ 232,279</u>	<u>\$ 186,297</u>	

EXHIBIT B-6

**STATEMENT OF RESERVE FOR UNEMPLOYMENT INSURANCE CLAIMS  
UNEMPLOYMENT INSURANCE TRUST FUND**

Balance, December 31, 2012	\$ 34,546
Increased by:	
Employee Contributions	<u>\$ 3,558</u>
	38,104
Decreased by:	
Unemployment Insurance Claims	<u>5,956</u>
Balance, December 31, 2013	<u>\$ 32,148</u>

TOWNSHIP OF SOUTH HACKENSACK  
STATEMENT OF DUE TO STATE OF NEW JERSEY  
UNEMPLOYMENT INSURANCE TRUST FUND

Balance, December 31, 2012	\$	30
Increased by:		
Unemployment Insurance Claims		<u>5,956</u>
		5,986
Decreased by:		
Payments to State of New Jersey		<u>5,986</u>
Balance, December 31, 2013	\$	<u><u>-</u></u>

EXHIBIT B-8

STATEMENT OF PAYROLL DEDUCTIONS PAYABLE

Balance, December 31, 2012	\$	48,520
Increased by:		
Payroll Withholdings		<u>2,169,253</u>
		2,217,773
Decreased by:		
Payroll Deduction Disbursements		<u>2,163,494</u>
Balance, December 31, 2013	\$	<u><u>54,279</u></u>

EXHIBIT B-9

STATEMENT OF RESERVE FOR RECREATION EXPENDITURES

Balance, December 31, 2012	\$	6,803
Increased by:		
Cash Receipts		<u>802</u>
		7,605
Decreased by:		
Cash Disbursements		<u>2,937</u>
Balance, December 31, 2013	\$	<u><u>4,668</u></u>



**TOWNSHIP OF SOUTH HACKENSACK  
STATEMENT OF ACCRUED SALARIES AND WAGES**

Balance, December 31, 2012	\$ 1,412
Increased by:	
Net Payroll Receipts	<u>2,158,067</u>
	2,159,479
Decreased by:	
Net Payroll Disbursements	<u>2,155,475</u>
Balance, December 31, 2013	<u>\$ 4,004</u>

## EXHIBIT B-11

**STATEMENT OF DUE FROM CURRENT FUND - OTHER TRUST**

Balance, December 31, 2012	\$ 550
Increased by:	
2012 Appropriation Reserve - Accumulated Absences	\$ 85,000
Other Trust Fund Receipts Deposited in Current Fund - Reserve for Forfeited Property	<u>24,224</u>
	109,224
	109,774
Decreased by:	
Receipts from Current Fund	<u>8,000</u>
Balance, December 31, 2013	<u>\$ 101,774</u>

## EXHIBIT B-12

**STATEMENT OF RESERVE FOR FLEXIBLE SPENDING**

Increased by:	
Cash Receipts	<u>\$ 5,145</u>
	5,145
Decreased by:	
Cash Disbursements	<u>4,619</u>
Balance, December 31, 2013	<u>\$ 526</u>

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**GENERAL CAPITAL FUND**



TOWNSHIP OF SOUTH HACKENSACK  
STATEMENT OF GENERAL CAPITAL CASH

Balance, December 31, 2012		\$ 95,936
Increased by Receipts:		
Interest Earned	\$ 335	
Notes Issued	805,250	
Receipts from Current Fund	<u>560,930</u>	
		<u>1,366,515</u>
		1,462,451
Decreased by Disbursements:		
Improvement Authorizations	116,074	
Encumbrances Payable	288,663	
Payments to Current Fund	<u>500,339</u>	
		<u>905,076</u>
Balance, December 31, 2013		<u>\$ 557,375</u>

**TOWNSHIP OF SOUTH HACKENSACK  
ANALYSIS OF GENERAL CAPITAL CASH  
DECEMBER 31, 2013**

Fund Balance		\$ 168,912
Capital Improvement Fund		109,000
Intergovernmental Receivables		(81,713)
Due to Current Fund		58,316
Accounts Payables		826,088
Ordinance		
<u>Number</u>	<u>Improvement Authorizations</u>	
	Barrier Free Park Improvements	(9,029)
97-10	Barrier Free Curbs	(6,282)
1-99/8-00/19-0	Reconstrct. Huyler St. Pump Station Phase II A	(1,131)
99-14	Resurface Phillips Avenue - Phase II	(2,539)
02-05	Acquisition of Real Property	(62,721)
07-09	Acquisition of New Pumper Fire Engine	107
09-08	Improvement to Calicooneck Road	245,282
10-04	Garfield Park Sewer Pumping Flood Proof	7
11-05	Improvements of Dryer Avenue, Lincoln Street, and Phillips Avenue	28,884
11-11	Various Road Improvements	98,568
12-02	Improvement to Baeli Playground and Veteran's Park Walkways	373
12-14	Various Public Acquisitions and Improvements	8,127
13-10	Refunding Tax Appeals	(826,088)
13-11	Various Public Improvements	3,214
		<u>3,214</u>
		 <u>\$ 557,375</u>

**TOWNSHIP OF SOUTH HACKENSACK  
STATEMENT OF DUE FROM/(TO) CURRENT FUND**

Balance, December 31, 2012		\$	60,930
Increased by:			
Payments to Current Fund			500,339
			561,269
Decreased by:			
Interest Earned		335	
General Capital Fund Expenditures Paid by Current Fund		8,320	
Current Fund Anticipated Revenue - General Capital Fund Balance		50,000	
Receipts from Current Fund		560,930	619,585
			\$ 58,316
Balance, December 31, 2013			

**STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED**

Balance, December 31, 2012		\$	2,393,137
Decreased by:			
2013 Budget Appropriation			
Bond Principal		\$ 125,000	
Loan Principal		76,695	201,695
			\$ 2,191,442
Balance, December 31, 2013			

TOWNSHIP OF SOUTH HACKENSACK  
STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

Analysis of Balance, December 31, 2013

Ordinance Number	Improvement Description	Balance, December 31, 2012	2013 Authorizations	Notes Paid by Budget Appropriation	Balance, December 31, 2013	Bond Anticipation Note	Expenditures	Improvement Authorizations Unfunded
	Barrier Free Park Improvements	\$ 9,029			\$ 9,029		\$ 9,029	
	Barrier Free Curbs	6,282			6,282		6,282	
11-99/8-00/19-01	Reconstruct Huyler St. Pump Station	1,131			1,131		1,131	
99-14	Resurface Philips Ave Phase II	2,539			2,539		2,539	
02-05	Acquisition of Real Property/Additional Funds	62,721			62,721		62,721	
10-04	Garfield Park Sewer Pumping Flood Proof	3,930			3,930			3,930
11-05	Improvement of Dyer Avenue, Lincoln Street and Phillips Avenue	38,000			38,000	\$ 38,000		
11-11	Various Road Improvements	419,000			419,000	419,000		
12-02	Improvement to Baelt Playground and Veteran's Park Walkways	34,250			34,250	34,250		
12-12	Refunding Tax Appeals	485,000		\$ 95,000	390,000	390,000		
12-14	Various Public Acquisitions and Improvements	314,000			314,000	314,000		
13-10	Refunding Tax Appeals	-	\$ 1,010,000		1,010,000		\$ 826,088	183,912
13-11	Various Public Improvements	-	156,000		156,000			156,000
		\$ 1,375,882	\$ 1,166,000	\$ 95,000	\$ 2,446,882	\$ 1,195,250	\$ 907,790	\$ 343,842

Improvement Authorizations - Unfunded	Less: Unexpended Proceeds of Notes Issued:	
	Ord. No. 11-05	28,884
	Ord. No. 11-11	98,568
	Ord. No. 12-02	373
	Ord. No. 12-14	8,127
		<u>135,952</u>
		\$ 479,794
		\$ 343,842



TOWNSHIP OF SOUTH HACKENSACK  
STATEMENT OF INTERGOVERNMENTAL RECEIVABLES

		NJ Department of Transportation	Community Development	Open Space	Bergen County Forfeiture Program	Bergen County - ADA Various Improvements
		<u>Ord. No. 09-08</u>	<u>Ord. No. 10-04</u>	<u>Ord. No. 12-02</u>	<u>Ord. No. 12-14</u>	<u>Ord. No. 13-11</u>
		<u>Ord. No. 11-05</u>				
Balance, December 31, 2012	\$ 118,170	\$ 59,560	\$ 3,463	\$ 1,593	\$ 32,994	
Increased by:						
Grants Awarded	<u>125,230</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ 82,000</u>
Balance, December 31, 2013	\$ 243,400	\$ 59,560	\$ 3,463	\$ 1,593	\$ 32,994	\$ 82,000
Pledged to Ordinance	\$ 81,713					
Reserve for Grants Receivable:						
Ord. #10-04	3,463					
Ord. #12-14	32,994					
Ord. #13-11	<u>125,230</u>					
	<u>\$ 243,400</u>					

TOWNSHIP OF SOUTH HACKENSACK  
STATEMENT OF IMPROVEMENT AUTHORIZATIONS

Ord. No.	Improvement Description	Ordinance Date	Amount	Balance, December 31, 2012		Deferred Charges - Unfunded	Capital		Expended	Cancelled Payables	Balance, December 31, 2013	
				Funded	Unfunded		Impvt. Fund	Unfunded			Funded	Unfunded
				\$	\$		\$	\$			\$	\$
07-09	Acquisition of New Pumper Fire Engine	6/16/2007	\$ 460,000	\$ 107						\$ 107		
09-08	Improvement to Calicooneck Road	7/9/2009	440,000	245,282						245,282		
10-04	Garfield Park Sewer Pumping Flood Proofing	6/10/2010	166,500	7	3,930					7	3,930	
11-05	Improvement of Dyer Avenue, Lincoln Street and Phillips Avenue	4/14/2011	190,000			28,884						28,884
11-11	Various Road Improvements	12/8/2011	440,000			96,285			\$ 2,283			98,568
12-02	Improvement of the Joseph Baell Playground and Walkways at Veterans Park	3/8/2012	70,000									373
12-12	Refunding Tax Appeals	11/20/2012	485,000			111,288		\$ 111,288				-
12-14	Various Public Improvements and Acquisitions	12/13/2012	330,000			8,127						8,127
13-10	Refunding Tax Appeals	12/12/2013	1,010,000			\$ 1,010,000		826,088				183,912
13-11	Various Public Improvements	12/12/2013	164,000			156,000	\$ 8,000	4,785			3,214	156,000
			\$ 245,396	\$ 248,887	\$ 1,166,000	\$ 8,000	\$ 942,162	\$ 2,283	\$ 248,610	\$ 479,794		
	Accounts Payable						\$ 826,088					
	Cash Disbursements						116,074					
							\$ 942,162					

TOWNSHIP OF SOUTH HACKENSACK  
STATEMENT OF BOND ANTICIPATION NOTES

Ord. No.	Improvement Description	Date of Original Note	Amount of Original Note	Issue Date	Maturity Date	Interest Rate	Balance, December 31, 2012	Increased	Decreased	Balance, December 31, 2013
12-12	Refunding Tax Appeals	12/28/2012	\$ 485,000	12/28/2012 2/28/2013	12/28/2013 2/28/2014	1.95 % 0.65	\$ 485,000	\$ 390,000	\$ 485,000	\$ 390,000
11-05	Improvement of Dyer Avenue, Lincoln Street and Phillips Avenue	2/28/2013	38,000	2/28/2013	2/28/2014	0.65		38,000		38,000
11-11	Various Road Improvements	2/28/2013	419,000	2/28/2013	2/28/2014	0.65		419,000		419,000
12-02	Improvement to Baeti Playground and Veteran's Park Walkways	2/28/2013	34,250	2/28/2013	2/28/2014	0.65		34,250		34,250
12-14	Various Public Acquisitions and Improvements	2/28/2013	314,000	2/28/2013	2/28/2014	0.65		314,000		314,000
							\$ 485,000	\$ 1,195,250	\$ 485,000	\$ 1,195,250
						Issued for Cash		\$ 805,250		
						Renewals		390,000	\$ 390,000	
						Paid by Budget Appropriation			95,000	
							\$ 1,195,250	\$ 485,000	\$ 485,000	\$ 1,195,250

STATEMENT OF GENERAL SERIAL BONDS

Purpose	Date of Issue	Amount of Original Issue	Maturity of Bonds Outstanding at December 31, 2013	Interest Rate	Balance, December 31, 2012	Increased	Decreased	Balance, December 31, 2013
General Improvements	2/15/2011	\$ 1,880,000	2014-2017	3.00 %				
			2018	3.25				
			2019	3.25				
			2020	3.375				
			2021	3.75				
			2022	4.00				
			2023	4.00				
					\$ 1,755,000	\$ -	\$ 125,000	\$ 1,630,000
					\$ 1,755,000	\$ -	\$ 125,000	\$ 1,630,000

**TOWNSHIP OF SOUTH HACKENSACK  
STATEMENT OF ACCOUNTS PAYABLE**

Balance, December 31, 2012		\$ 299,266
Increased by:		
Charges to 2013 Improvement Authorizations		<u>826,088</u>
		<u>1,125,354</u>
Decreased by:		
Cash Disbursements	\$ 288,663	
Due to Current Fund	8,320	
Cancelled Payables	<u>2,283</u>	
		<u>299,266</u>
Balance, December 31, 2013		<u>\$ 826,088</u>

EXHIBIT C-12

**STATEMENT OF CAPITAL IMPROVEMENT FUND**

Balance, December 31, 2012		\$ 117,000
Decreased by:		
Appropriated to Finance Improvement Authorizations		<u>8,000</u>
Balance, December 31, 2013		<u>\$ 109,000</u>

EXHIBIT C-13

**STATEMENT OF LOANS PAYABLE**

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Balance, December 31, 2012</u>	<u>Decreased</u>	<u>Balance, December 31, 2013</u>
NJEIT Loan - A	10/15/2000	\$ 720,000	\$ 380,000	\$ 40,000	\$ 340,000
NJEIT Loan - B	10/15/2000	721,280	<u>258,137</u>	<u>36,695</u>	<u>221,442</u>
			<u>\$ 638,137</u>	<u>\$ 76,695</u>	<u>\$ 561,442</u>

**TOWNSHIP OF SOUTH HACKENSACK  
STATEMENT OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED**

<u>Ordinance Number</u>	<u>Improvement Description</u>	Balance, December 31, <u>2012</u>	2013 <u>Authorizations</u>	Notes <u>Issued</u>	Balance, December 31, <u>2013</u>
	Barrier Free Park Improvements	\$ 9,029			\$ 9,029
97-10	Barrier Free Curbs	6,282			6,282
99-14	Resurface Philips Ave Phase II	2,539			2,539
11-99/08-00/					
09-01/19-01	Reconstruct Huyler Street Pump Station	1,131			1,131
02-05	Acquisition of Real Property/Additional Funds	62,721			62,721
10-04	Garfield Park Pumping Station Flood Proofing	3,930			3,930
11-05	Improvement of Dyer Avenue, Lincoln Street and Phillips Avenue	38,000		\$ 38,000	
11-11	Various Road Improvements	419,000		419,000	
12-02	Improvement to Baeli Playground and Veteran's Park Walkways	34,250		34,250	
12-14	Various Public Acquisitions and Improvements	314,000		314,000	
13-10	Refunding Tax Appeals		\$ 1,010,000		1,010,000
13-11	Various Public Improvements	-	156,000	-	156,000
		<u>\$ 890,882</u>	<u>\$ 1,166,000</u>	<u>\$ 805,250</u>	<u>\$ 1,251,632</u>

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**TOWNSHIP OF SOUTH HACKENSACK**  
**COUNTY OF BERGEN**  
**PART II**  
**GOVERNMENT AUDITING STANDARDS**  
**YEAR ENDED DECEMBER 31, 2013**







# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA  
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MARK SACO, CPA

## REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

### INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members  
of the Township Committee  
Township of South Hackensack  
South Hackensack, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements – regulatory basis of the Township of South Hackensack as of and for the year ended December 31, 2013, and the related notes to the financial statements, and have issued our report thereon dated June 12, 2014. Our report on the financial statements – regulatory basis was modified to indicate that the financial statements were not prepared and presented in accordance with accounting principles generally accepted in the United States of America but rather prepared and presented in accordance with the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States, to meet the requirements of the State of New Jersey for municipal government entities as described in Note 1. In addition, our report on the financial statements – regulatory basis was modified on the regulatory basis of accounting because of the presentation of the unaudited LOSAP Trust Fund financial statements.

#### Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Township of South Hackensack's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Township of South Hackensack's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township of South Hackensack's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Township's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

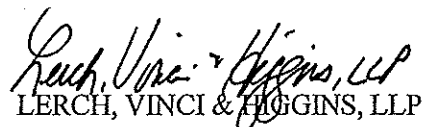
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.


### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township of South Hackensack's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township of South Hackensack's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Township of South Hackensack's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

  
LERCH, VINCI & HIGGINS, LLP  
Certified Public Accountants  
Registered Municipal Accountants

  
Gary J. Vinci  
Registered Municipal Accountant  
RMA Number CR00411

Fair Lawn, New Jersey  
June 12, 2014

TOWNSHIP OF SOUTH HACKENSACK  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE YEAR ENDED DECEMBER 31, 2013

Federal Grant Program	CFDA Number	Grant Year	Grant Award Amount	Grant Receipts	Balance, January 1, 2013	Revenue Realized	Expended	Balance, December 31, 2013	Cumulative Expended
U.S. Department of Law and Public Safety (Passed through Division of Highway Traffic Safety)									
Click It or Ticket Program	20.600	2012	\$ 4,000		\$ 2,800			\$ 2,800	\$ 1,200
Click It or Ticket Program	20.600	2011	4,000		400			400	3,600
Click It or Ticket Program	20.600	2010	4,000		4,000			4,000	
Over the Limit Under Arrest	20.601	2010	6,000		6,000			6,000	
U.S. Department of Justice COPS Hiring Program	16.710	2010	269,458			\$ 103,469			103,469
DEA - Asset Forfeiture Program	N/A	2012	24,224			24,224		24,224	
U.S. Department of Transportation (Passed through State Aid Highway Projects)									
NJ Department of Transportation Improvements to Calicooneck Road - Ord 09-08	20.205	2009	200,000		26,827			26,827	173,173
U.S. Department of Homeland Security FEMA - Hurricane Sandy	97.036	2013	70,572	70,572	-	70,572	70,572	-	70,572
					\$ 40,027	\$ 198,265	\$ 174,041	\$ 64,251	

The above schedule is not subject to a Federal Single Audit as defined by U.S. OMB A-133.

TOWNSHIP OF SOUTH HACKENSACK  
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
 FOR THE YEAR ENDED DECEMBER 31, 2013

State Grant Program	Grant Number	2013 Grant Receipts	Grant Amount	Year	Balance, January 1, 2013	Revenue	Expended	Adjustment	Balance, December 31, 2013	Cumulative Expended
State of NJ - Department of Environmental Protection										
Recycling Tonnage Grant	4900-752-042-4900		\$ 8,519	2006	\$ 4,119				\$ 4,119	\$ 4,400
Recycling Tonnage Grant	4900-752-042-4900		9,455	2008	9,455				9,455	
Recycling Tonnage Grant	4900-752-042-4900		17,954	2008	17,954				17,954	
Recycling Tonnage Grant	4900-752-042-4900		11,418	2009	6,193				6,193	5,225
Recycling Tonnage Grant	4900-752-042-4900		49,649	2011	28,581			\$ 608	29,189	20,460
Recycling Tonnage Grant	4900-752-042-4900	\$ 33,335	33,335	2012	33,335				33,335	
Clean Communities Program	4900-752-042-4900		4,000	2007	4,000				4,000	
Clean Communities Program	4900-752-042-4900		4,000	2008	4,000				4,000	
Clean Communities Program	4900-752-042-4900		4,000	2009	4,000				4,000	
Clean Communities Program	4900-752-042-4900		4,000	2011	4,000				4,000	
Clean Communities Program	4900-752-042-4900		4,000	2012	4,000				4,000	
Clean Communities Program	4900-752-042-4900		4,000	2013		\$ 4,000			4,000	
Green Communities Program	Not Available		3,000	2010	3,000				3,000	
State of NJ - Department of Law and Public Safety										
Body Armor Replacement Program	1020-718-066-1020		1,659	2008	306		\$ 306			1,659
Body Armor Replacement Program	1020-718-066-1020		2,667	2010	66		66			2,667
Body Armor Replacement Program	1020-718-066-1020		1,693	2012	1,693		1,693			1,693
Body Armor Replacement Program	1020-718-066-1020		1,726	2013		1,726	1,726			1,726
Drunk Driving Enforcement Fund	Not Available				1,082			120	1,202	
State of NJ - Department of Justice										
Alcohol Education Rehabilitation Fund	054-7555-100-003		2,203	2006	1,427				1,428	775
					<u>\$ 127,211</u>	<u>\$ 5,726</u>	<u>\$ 3,791</u>	<u>\$ 728</u>	<u>\$ 129,875</u>	

The above schedule is not subject to a State Single Audit as defined by OMB Circular 04-04.

**NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS  
AND STATE FINANCIAL ASSISTANCE**



**TOWNSHIP OF SOUTH HACKENSACK  
 NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS  
 AND STATE FINANCIAL ASSISTANCE  
 YEAR ENDED DECEMBER 31, 2013**

**NOTE 1 GENERAL**

The accompanying schedules present the activity of all federal awards and state financial assistance programs of the Township of South Hackensack. The Township is defined in Note 1(A) to the Township's financial statements. All federal financial assistance received directly from federal agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

**NOTE 2 BASIS OF ACCOUNTING**

The accompanying schedules are prepared and presented using the regulatory basis of accounting as prescribed for municipalities by the Division of Local Government Services, Department of Community Affairs, State of New Jersey which differ in certain respects from accounting principles generally accepted in the United States of America (GAAP) applicable to local government units. This basis of accounting is described in Note 1 to the Township's financial statements.

**NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS**

Amounts reported in the accompanying schedules agree with amounts reported in the Township's financial statements. Financial assistance revenues are reported in the Township's financial statements on a basis of accounting described above as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
Current Fund	\$ 174,041	\$ 5,726	\$ 179,767
Other Trust Fund	24,224	-	24,224
	<u>\$ 198,265</u>	<u>\$ 5,726</u>	<u>\$ 203,991</u>

**NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

Amounts reported in the accompanying schedules may not necessarily agree with the amounts reported in the related federal and state financial reports due to timing differences between the Township's fiscal year and grant program year.

TOWNSHIP OF SOUTH HACKENSACK  
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS  
AND STATE FINANCIAL ASSISTANCE  
YEAR ENDED DECEMBER 31, 2013

NOTE 5 STATE LOANS OUTSTANDING

The Township's state loans outstanding at December 31, 2013, which are not required to be reported on the schedules of expenditures of state financial assistance, are as follows:

<u>Loan Program</u>	<u>State</u>
NJEIT - Loan A	\$ 340,000
NJEIT - Loan B	<u>221,442</u>
	<u>\$ 561,442</u>



**TOWNSHIP OF SOUTH HACKENSACK  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED DECEMBER 31, 2013**

*Part I – Summary of Auditor’s Results*

**Financial Statements**

Type of auditors' report issued on financial statements

Modified - Unaudited LOSAP Trust Fund

Internal control over financial reporting:

1) Material weakness(es) identified

\_\_\_\_\_ yes      X   no

2) Significant deficiency(ies) that are not considered to be material weakness(es)?

\_\_\_\_\_ yes      X   none

Noncompliance material to the financial statements noted?

\_\_\_\_\_ yes      X   no

**Federal Awards Section**

NOT APPLICABLE

**State Awards Section**

NOT APPLICABLE

**TOWNSHIP OF SOUTH HACKENSACK  
SCHEDULE OF FINDINGS AND RESPONSES (CONT'D)  
FOR THE YEAR ENDED DECEMBER 31, 2013**

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with Chapter 5.18-5.20 of *Government Auditing Standards*.

There are none.

**TOWNSHIP OF SOUTH HACKENSACK  
SCHEDULE OF FINDINGS AND RESPONSES (CONT'D)  
FOR THE YEAR ENDED DECEMBER 31, 2013**

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with Chapter 5.18-5.20 of *Government Auditing Standards*.

**STATUS OF PRIOR YEAR FINDINGS**

**Finding 2012-1**

The Current Fund general ledger was not always reconciled with the subsidiary revenue and expenditure ledgers, budget reports and bank reconciliations on a monthly basis. Certain receipts were not posted to correct revenue account codes and there were instances where the receipts were not recorded in the financial accounting system. In addition, the improvement authorization balances in the General Capital Fund were not always in agreement with the audited balances. The net payroll and payroll agency bank accounts were not reconciled on a monthly basis.

**Current Status**

Corrective action plan has been taken except for the reconciliation of the net payroll and payroll agency bank accounts (See Comments/Recommendations).

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**TOWNSHIP OF SOUTH HACKENSACK**

**COUNTY OF BERGEN**

**PART III**

**SUPPLEMENTARY DATA**

**LETTER OF COMMENTS AND RECOMMENDATIONS**

**YEAR ENDED DECEMBER 31, 2013**



TOWNSHIP OF SOUTH HACKENSACK  
 SUPPLEMENTARY DATA

COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE -  
 CURRENT FUND

	<u>Year 2013</u>		<u>Year 2012</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
<b>REVENUE AND OTHER INCOME REALIZED</b>				
Fund Balance Utilized	\$ 200,000	1.20 %	\$ 576,000	3.45
Miscellaneous - From Other Than Local				
Property Tax Levies	1,597,381	9.56	1,651,175	9.88
Collection of Delinquent Taxes and Tax Title Liens	153			
Collection of Current Tax Levy	14,697,227	87.97	14,304,893	85.58
Other Credits	<u>211,966</u>	<u>1.27</u>	<u>182,609</u>	<u>1.09</u>
Total Income	<u>16,706,727</u>	<u>100.00</u> %	<u>16,714,677</u>	<u>100.00</u> %
<b>EXPENDITURES</b>				
Budget Expenditures				
Municipal Purposes	7,464,337	46.49 %	7,796,683	47.24 %
County Taxes	1,538,381	9.58	1,479,804	8.97
Local School Taxes	6,993,331	43.56	7,167,076	43.42
Other Expenditures	<u>58,316</u>	<u>0.36</u>	<u>61,846</u>	<u>0.37</u>
Total Expenditures	<u>16,054,365</u>	<u>100.00</u> %	<u>16,505,409</u>	<u>100.00</u> %
Excess in Revenue Before Adjustments	652,362		209,268	
Adjustments to Income Before Fund Balance:				
Expenditures Included Above Which are by Statute				
Deferred Charges to Budget of Succeeding Year	<u>145,224</u>		<u>-</u>	
Statutory Excess to Fund Balance	797,586		209,268	
Fund Balance, January 1	<u>653,302</u>		<u>1,020,034</u>	
	1,450,888		1,229,302	
Less Utilization as Anticipated Revenue	<u>200,000</u>		<u>576,000</u>	
Fund Balance, December 31	<u>\$ 1,250,888</u>		<u>\$ 653,302</u>	

**TOWNSHIP OF SOUTH HACKENSACK  
SUPPLEMENTARY DATA**

**Comparative Schedule of Tax Rate Information**

	<u>2013</u>	<u>2012</u>	<u>2011</u>
<u>Tax Rate</u>	<u>\$2.360</u>	<u>\$2.281</u>	<u>\$2.188</u>
<u>Apportionment of Tax Rate</u>			
Municipal	.994	.916	.886
County	.244	.231	.217
County Open Space	.003	.003	.003
Local School District	1.119	1.131	1.082
<u>Assessed Valuation</u>			
2013	<u>\$624,676,322</u>		
2012		<u>\$633,726,288</u>	
2011			<u>\$649,892,828</u>

**Comparison of Tax Levies and Collection Currently**

A study of this tabulation could indicate a possible trend in future tax levies. A decrease in the percentage of current collection could be an indication of a probable increase in future tax levies.

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage of Collection</u>
2013	\$ 14,750,164	\$ 14,697,227	99.64%
2012	14,480,324	14,304,893	98.79%
2011	14,220,748	14,207,174	99.90%



**TOWNSHIP OF SOUTH HACKENSACK  
SUPPLEMENTARY DATA**

**Delinquent Taxes and Tax Title Liens**

This tabulation includes a comparison, expressed in percentage, of the total of delinquent taxes and tax title liens, in relation to the tax levies of the last three years.

<u>December 31 Year</u>	<u>Amount of Delinquent Taxes</u>	<u>Percentage of Tax Levy</u>
2013	\$ 906	0.01%
2012	936	0.01%
2011	730	0.01%

**Comparative Schedule of Fund Balances**

	<u>Year</u>	<u>Balance, December 31</u>	<u>Utilized in Budget of Succeeding Year</u>
Current Fund	2013	\$ 1,250,888	\$ 600,137
	2012	653,302	200,000
	2011	1,020,034	576,000

TOWNSHIP OF SOUTH HACKENSACK  
 SUPPLEMENTARY DATA

OFFICIALS IN OFFICE AND SURETY BONDS

The following officials were in office during the period under audit:

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>	<u>Corporate Surety</u>
Francis X. Cagas	Mayor		
Walter Eckel, Jr.	Committee Member		
Gary C. Brugger	Committee Member		
Bill Regan	Committee Member		
Vincent Stefano	Committee Member		
Donna L. Gambutti	Township Clerk	\$1,000,000	A
Chris Eilert	Chief Financial Officer	1,000,000	A
Mary Terraccino	Tax Collector	1,000,000	A
Boswell McClave	Township Engineer	1,000,000	A
David V. Nasta	Township Attorney	1,000,000	A
George Reggo	Tax Assessor	1,000,000	A
Michael Frew	Police Chief	1,000,000	A
Vince A. Sicari, Esq.	Magistrate (1/1/13-9/19/13)	1,000,000	A
Luiseppe Randazzo	Magistrate (9/20/13-Present)	1,000,000	A
Diane Brando	Court Administrator	1,000,000	A

	<u>Face Value</u>	<u>Bond Number</u>	<u>Issued by</u>	<u>Position Covered</u>	<u>Period Covered</u>
A	\$1,000,000	N/A	Bergen County Municipal Joint Insurance Fund	Township of South Hackensack Township of South Hackensack Volunteer Fire Department Township of South Hackensack Municipal Library	1/1/13 - 12/31/13

**TOWNSHIP OF SOUTH HACKENSACK  
LETTER OF COMMENTS AND RECOMMENDATIONS**

**GENERAL COMMENTS**

Our comments with respect to our examination and any error, omission, irregularity, violation of law, discrepancy or other nonconformity to the law or regulation found during the examination are herewith set forth.

**Current Year Findings**

Our audit revealed that the 2013 budget appropriations and the 2012 appropriation reserves incurred overexpenditures in the amount of \$1,047 and \$16,733 respectively. It is recommended that budget appropriation ledgers be continually monitored to ensure sufficient balances exist prior to the commitment of funds.

Our audit revealed that the net payroll and payroll agency bank accounts were not reconciled on a timely basis. In addition, a detailed ledger by payroll agency deduction was not currently maintained. It is recommended that the net payroll and payroll agency bank accounts be reconciled on a timely basis and a detail payroll agency deduction ledger be currently maintained and be in agreement with the bank reconciliations.

Our audit revealed that an accounts receivable ledger for all outside police duty services was not maintained by the Township. It is recommended that an accounts receivable ledger be implemented and currently maintained for all outside police duty services rendered by the Township.

Our audit revealed that vendors utilized under a State contract were not approved by a resolution of the Township Committee. It is recommended that all purchases made through the utilization of State contracts be approved by a Township Committee resolution.

Our audit revealed that the Township does not independently verify that the payroll service provider has made payments to the respective federal/state agencies by the required due dates, and in the exact amounts of the payroll liability. It is recommended that the Township implement procedures to verify the accuracy and timeliness of the payroll tax payments remitted by its third party payroll provider.

Our audit of the Animal Control Fund noted that there was a deficit of \$2 in the year end reserve. The amount is deemed immaterial. Therefore, an audit recommendation is not warranted.

**Prior Year Findings – Unresolved**

At December 31, 2013, there are several old general capital ordinances with a deficit cash balance. These ordinances are over five years old, and where the projects have been completed. It is recommended that the Township appropriate sufficient funds to eliminate the cash deficits for general capital ordinances older than five years.

Our audit revealed that there remains outstanding certain Current Fund and General Capital Fund grant receivables and grant reserve balances. It is recommended that the various Current Fund and General Capital Fund grant receivable and grant reserve balances be reviewed to determine their collectability and proper disposition, and if necessary be cleared of record.

Our audit of the Township's Other Trust Fund's revealed that certain reserves do not have an approved Dedication by Rider from the Division of Local Government Services. It is recommended that the Township have an approved Dedication by Rider for all Trust Fund reserves.

Our audit noted that the fixed asset ledger was not updated for the prior year additions and deletions. It is recommended that the fixed asset ledger be currently maintained.

**TOWNSHIP OF SOUTH HACKENSACK  
LETTER OF COMMENTS AND RECOMMENDATIONS**

**GENERAL COMMENTS**

**Contracts and Agreements Required to be Advertised for NJS 40A:11-4**

NJS 40A:11-4 states "Every contract or agreement, for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate \$17,500, except by contract or agreement."

The Purchasing Agent and the Township Committee of the Municipality has the responsibility of determining whether the expenditures in any category will exceed \$17,500 within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Township Counsel's opinion should be sought before a commitment is made.

The minutes indicate that resolutions were adopted and advertised, authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S. 40A:11-5.

The minutes indicate that bids were requested by public advertising for the roadway improvements to various streets.

In as much as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. The Township does maintain an accumulation of cost by vendor. Disbursements were reviewed to determine whether any clear-cut violations existed.

Our examination of expenditures did not reveal instances where expenditures were made in excess of \$17,500 "for the performance of any work, or the furnishing or hiring of any materials or supplies," other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of NJS 40A:11-6.

The statute provides the method for authorizing interest and the maximum rate to be charged for the non-payment of taxes or assessments on or before the date when they would become delinquent.

The following resolution authorizes the rate of interest to be charged on municipal charges:

WHEREAS, the governing body may, pursuant to statute, fix the rate of interest to be charged for the non-payment of taxes, assessments and municipal charges, and to prescribe penalties for delinquencies;

NOW, THEREFORE, BE IT RESOLVED, by the Township Committee of the Township of South Hackensack as follows:

- 1) All prior resolutions concerning the rate of interest to be charged for the non-payment of taxes, assessments or municipal charges are hereby rescinded.

**TOWNSHIP OF SOUTH HACKENSACK  
LETTER OF COMMENTS AND RECOMMENDATIONS**

**GENERAL COMMENTS**

**Contracts and Agreements Required to be Advertised for NJS 40A:11-4 (Continued)**

- 2) The rate of interest to be charged for the non-payment of taxes, assessments or municipal charges is hereby fixed, pursuant to statute, as follows: eight (8%) percent per annum on the first \$1,500 of the delinquency, and eighteen (18%) percent per annum on any amount in excess of \$1,500 to be calculated from the date the tax or assessment was payable until the date of actual payment.
- 3) With respect to tax certificates held by the municipality the following additional penalties shall be charged: two (2%) percent on the amount due over \$200 up to \$5,000; four (4%) percent of the amount due over \$5,000 up to \$10,000 and six (6%) percent on the amount in excess of \$10,000.

**Delinquent Assessments and Tax Title Liens**

A tax sale was held on December 17, 2013.

There are four Township owned tax title lien receivables as of December 31, 2013.

TOWNSHIP OF SOUTH HACKENSACK  
LETTER OF COMMENTS AND RECOMMENDATIONS

RECOMMENDATIONS

It is recommended that:

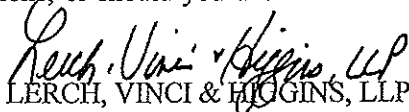
- \* 1. The Township appropriate sufficient funds to eliminate the cash deficits for general capital ordinances older than five years.
- \* 2. The Township have an approved Dedication by Rider for all Trust Fund reserves.
- \* 3. The fixed asset ledger be currently maintained.
- \* 4. The various Current Fund and General Capital Fund grant receivable and grant reserve balances be reviewed to determine their collectability and proper disposition, and if necessary be cleared of record.
- 5. Budget appropriation ledgers be continually monitored to ensure sufficient balances exist prior to the commitment of funds.
- 6. The net payroll and payroll agency bank accounts be reconciled on a timely basis and a detail payroll agency deduction ledger be currently maintained and be in agreement with the bank reconciliations.
- 7. An accounts receivable ledger be implemented and currently maintained for all outside police duty services rendered by the Township.
- 8. All purchases made through the utilization of State contracts be approved by a Township Committee resolution.
- 9. The Township implement procedures to verify the accuracy and timeliness of payroll tax payments remitted by its third party payroll provider.


Corrective action was taken on all prior year's recommendations except those denoted with an asterisk (\*).

\*\*\*\*\*

The recommendations noted in our review were not such magnitude that they would affect our ability to express an opinion on the financial statements taken as a whole.

Should any questions arise as to our comments or recommendations, or should you desire assistance in implementing our recommendations, please do not hesitate to call us.

  
LERCH, VINCI & HIGGINS, LLP  
Certified Public Accountants  
Registered Municipal Accountants

  
Gary J. Vinci  
Registered Municipal Accountant  
RMA Number CR00411